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Balladur Asks U.S. to Join In Cracking New Markets

He Urges West to Resist Trade Onslaught From Low-Wage Countries

By William Drozdiak... Prime Minister Edouard Balladur of France said Monday that the time had come for the United States and Europe to resolve their trade conflicts through cooperative action...

The EC trade-policy split deepens as France criticizes Germany over telecoms. Page 11.

emphasize the common interests of Western industrial democracies in prying open protected markets in Asia and Latin America.

Mr. Balladur's trip to Washington comes at a time of growing concern in Europe that social and economic turmoil risks breaking out unless some confidence-building signal, such as a breakthrough in the long-stalled world trade negotiations, comes quickly.

With recession engulfing much of the West, Mr. Balladur said greater responsibility in securing a global trade accord must be placed on fast-growing developing nations that have benefited greatly from cheap wages, closed domestic markets and easy access to high technology.



President Clinton introducing Judge Ruth Bader Ginsburg at the White House on Monday after nominating her to be the nation's second woman to serve on the Supreme Court.

Clinton Picks A Woman as Nominee for High Court

Judge Ruth Ginsburg, 60, Hailed as Pioneer In Rights for Women

By Paul F. Horvitz... WASHINGTON - President Bill Clinton nominated Ruth Bader Ginsburg, a woman's rights pioneer and moderate-to-liberal federal judge, to the Supreme Court on Monday, making her only the second woman ever named to the court.

The selection ended a highly public three-month search that saw the fortunes of several other leading candidates rise and fall as their qualifications were picked over by senators and the capital's interest groups.

In announcing his decision, the president called Judge Ginsburg, 60, "a path-breaking attorney" who would be "an able and effective architect" of consensus building on the Supreme Court.

Mr. Clinton also praised her "pioneering work in behalf of the women of this country" and noted that as an attorney she had won five of the six landmark cases in behalf of women that she argued before the Supreme Court.

If confirmed by the Senate, Judge Ginsburg would fill the seat being vacated by Justice Byron R. White, a conservative, and would join Justice Sandra Day O'Connor, currently the court's only woman.

Senior Senator Orrin Hatch of Utah, the senior Republican on the Judiciary Committee, was quoted by The Associated Press as saying: "I think it's an excellent choice. She's going to make a very excellent justice."

Mr. Hatch said the committee would "certainly try to get her confirmed before the first Monday in October, when the court convenes."

Senator William Cohen, Republican of Maine, another committee member, said, "I would expect an overwhelming if not unanimous vote."

Judge Ginsburg was appointed to the U.S. appeals court in Washington in 1980 by President Jimmy Carter after a long career as a law professor at Rutgers University in New Jersey and Columbia University in New York.

She served six years on the board of the American Civil Liberties Union and has written widely on international legal procedure.

She is perhaps best known for her work in advancing the legal rights of women and her writings on sex discrimination.

At a news conference, Judge Ginsburg recalled that soon after her law school graduation in 1959, "not a law firm in the entire city of New York bid for my services."

She said she hoped her nomination would contribute to the end of the days when women appear in prominent roles "as one-at-a-time performers."

Recalling the words of Justice Oliver Wendell Holmes, she promised to follow a course on the court that stressed "intellectual honesty, disciplined self-restraint," and "principled

In Russia, a Dream Trip Abroad Is a Headache

By Michael Dobbs... MOSCOW — Natalya Panova dreams of visiting friends in Germany. It is a dream made easier by the collapse of communism and the end of the Cold War—but her dream is rapidly turning into a nightmare.

For the last month, Miss Panova has spent half her waking hours standing outside Passport Office No. 1697. She helped organize the other would-be travelers from the Moscow suburb of Kamtsaev into an incredibly orderly line of 782 people, at last count.

The passport office interviews 25 people a day. Miss Panova hopes to submit her application for a passport by the end of this month. If all goes well, she should receive it by the end of August.

She will then go to the German Consulate, joining more than 30,000 people seeking visas. At the rate the Germans are processing applications, she may get her foot in the door by the end of the year.

"Sometimes I wonder whether it is worth it, this dream of mine," said Miss Panova, who in the rare moments when she is not waiting in line, works as a bookkeeper for a video rental company.

"Everything is getting terribly complicated. I do not know whether I will succeed. But I am a determined person and I have decided to see this through, right to the end."

Problems like Miss Panova's are commonplace as millions of Russians try to exercise their new travel rights. A combination of red tape and Western consulates' delays in issuing visas has made a mockery of the government's pledges to abolish the travel restrictions after the collapse of the Soviet Union.

The right to travel is now guaranteed. It is also enshrined in the human rights provisions of the Helsinki Final Act, thanks largely to the persistence of the very Western governments that now are putting obstacles in the way of would-be Russian travelers.

So in practice, the right to travel abroad freely is a myth.

Low salaries and unfavorable currency exchange rates make the idea of visiting Western Europe or the United States a virtually impossible dream for most Russians.

The few who can afford to go must get invitations from friends, relatives or business contacts in the West before applying for

visas. Even for those few, success is not assured.

A new law designed to show that Russia is becoming a democratic nation may actually have made matters worse. Ostensibly, the law gives travel rights to Russians similar to those of Westerners. But the law's immediate result has been a rush to exchange the old Soviet documents for new Russian passports, and this has swamped the bureaucracy.

"Before, it was very bad," said Sergei Bratus, 21, a student who wants to go to Boston to study on a Northeastern University scholarship. "Now, it is simply terrible. I went to East Germany four years ago and everything was much less complicated."

Delays in processing of passports have

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A Test of Power in Washington: Clinton Versus the Lobbyists

Human Rights Vow On China Derailed By Trade Pressures

By Michael Weisskopf... WASHINGTON — President Bill Clinton's decision last month to retreat from a campaign pledge and extend preferred trading status to China for a year followed a lobbying campaign as intense as any ever witnessed here.

But little of the pressure came directly from Beijing. Behind what seemed like a diplomatic decision, U.S. corporations, maneuvering to advance their own interests, played the leading role.

The companies directed letters, telephone calls and influential visitors to

the White House, and they organized support in Congress for the low tariffs that Beijing demanded as a condition for buying American goods and services.

U.S. companies have become the backbone of a new China lobby, their salesmanship in Washington considered part of the cost of doing business with the world's most rapidly growing economy.

The odd alliance of industrialists and Communists is loosely knit and is activated solely by trade issues. But while the old China lobby for Taiwan rode the anti-communism wave of the 1950s, its successor is based on the economic concerns and strategy of decision makers today.

"The key to Clinton is getting the economy going," an administration official said. "While trade with China

isn't going to be a panacea for everything, it's something that will provide high-wage jobs in the United States."

Industry struck every economic note in pushing most-favored nation status for Beijing.

Chiefs of such companies as Boeing and Motorola pressed Mr. Clinton in private on China's importance to their industries, sources said, while other Fortune 500 executives made the rounds of cabinet secretaries, from State to Commerce, bandishing estimates that 157,000 U.S. workers are producing goods for China.

Retail footwear lobbyists commissioned a study showing that cheap shoes imported from China saved U.S. consumers \$16 billion a year, and they distributed copies of the study to the

Energy Plan's Foes Poured on the Coal Starting Last Year

By Michael Wines... WASHINGTON — Jim McAvoy remembers well when he and a cadre of the capital's top lobbyists held their first meeting to plot the demise of President Bill Clinton's energy tax. It was December 1992. Mr. McAvoy recalls: "I left it and went straight to our Christmas party."

Not only was the tax plan little more than Washington dinner-party grist; the president wasn't even the president yet. Mr. Clinton would not suggest squeezing money from British thermal

units until February. Congress would not vote on a Bru tax until May.

But opponents were already hard at work.

And last week — after the proposed tax on coal was lowered; after aluminum smelters and barge operators got a break; after farmers and city dwellers won exemptions for the diesel fuel that heats homes and runs combines; after oil refiners and gas and electric companies moved the tax off their backs and onto consumers; after grain merchants won and then lost a battle to exempt ethanol; after chemical and glass makers secured protection against untaxed foreign competitors — last week, after that and more, the White House gave up on enacting a tax on the heat content of fuel's, at least for now.

"They've done a very sophisticated job," Treasury Secretary Lloyd Bentsen said of the anti-tax forces.

Indeed, the lobbyists have ridden a juggernaut. Powered by satellite feeds and talk radio and opinion polls and a blizzard of newspaper advertisements, they had whipped up a froth of outrage over the tax. Mass mailings urged citizens to complain to Congress, and lobbyists offered a toll-free number to make it painless. Meanwhile, the White House slept.

The tax foes' campaign was cheap by Washington lobbying standards — a few million dollars, its generals say. The ease of the victory shocked some.

"Nobody thought you'd win this fight," said Jeffrey A. Nesbit, head of communications for For a Sound Economy, which raised several hundred

See LOBBY, Page 3

Japan Ruling Party Grows Fatter on Diet of Privilege

By T. R. Reid... TOKYO — The people of Japan got their first rough look on Monday at how much their politicians are worth, and a few general patterns emerged:

- Politicians are richer than average workers.
• Older politicians are richer than young ones.
• The older members of the ruling party are richest of all.

For the first time ever, the 749 members of Japan's national Diet, or parliament, issued statements of their personal wealth. Because of vague reporting rules, the disclosures left many points unclear. But one clear pattern was that veteran members had a lot more wealth to report than juniors did.

Since Diet membership is a full-time job that does not pay enough to accumulate wealth, the obvious implication is that there is illicit money on the side: either as "gifts" or as political contributions turned to personal use.

The reports seemed likely to increase public disgust with politicians in general and with Prime Minister Kiichi Miyazawa in particular. Mr. Miyazawa's latest political "reform" bill seems to be dying in the Diet, just as the financial disclosure reform seems to heighten the importance of remedial legislation.

If the reform collapses now, it would increase the possibility of a singular shift: Analysts are saying that there is a chance Mr. Miyazawa's Liberal Democratic Party could lose control of the Diet for the first time in 38 years.

Regular illegal pay-off scandals have occurred for years now. Last fall's big scandal led

to the disgrace and criminal conviction of Shin Kanemaru, who had been Mr. Miyazawa's mentor and the party strongman. After that, the Diet members passed a law requiring disclosure of their personal assets.

Like their counterparts in the U.S. Congress, the Diet members made the disclosure law vague enough that it is impossible to draw definite conclusions about their wealth. Among other things, the disclosure exempts the holdings of wives and families. It also exempts cash and jewelry — an interesting choice, since police have since learned that Mr. Kanemaru kept billions of his hidden yen in cash and gold bars.

But based on the information provided, newspapers here concluded that the average politician reports considerably higher assets than the typical Japanese family. The politicians' average worth was about \$840,000. The Asahi Shimbun newspaper said the average Japanese family had assets of about \$590,000.

These figures look high to Americans because the value of the dollar has been weakened sharply in recent years. To get a feel for the real worth of these figures, compare them to the average price of a two-bedroom condominium in greater Tokyo: \$530,000. Thus the biggest proportion of most Japanese people's wealth is the value of their home.

The reports showed a few multimillionaires in the Diet, but most of them had inherited business fortunes before they entered politics.

The striking thing about the reports was that they showed politicians growing considerably richer the longer they serve in the Diet.

"The assets increase sharply around the time



Former President Jimmy Carter with Velena Bomser, widow of Andrei Sakharov, at the Vienna human rights conference. Page 2.

Kiosk

UN Seeks More Troops for Bosnia... UNITED NATIONS, New York (Reuters) — The UN recommended Monday that 7,500 additional troops, backed by air power, be sent to Bosnia immediately to guard civilians in six so-called UN safe areas.

But the report, by Secretary-General Boutros Boutros Ghali, said 34,000 soldiers would be needed if the six Muslim towns and enclaves were to be protected properly.

Mr. Boutros Ghali said the 7,500 would be a "light option" that would not, in itself, guarantee the defense of the safe areas. Related article, Page 4.

General News... Canada named its first woman prime minister. Page 2.

Business/Finance... Samsung now says it might try carmaking. Page 17.

Bank Review... Chess... Crossword... Page 10, Page 10, Page 22.

Table with 2 columns: Dow Jones, Trib Index. Values: Up 9.68, 3,514.69; Up 0.59%, 104.87.

Table with 2 columns: The Dollar, DM, Pound, Yen, FF. Values: New York, 1.6285, 1.6278; DM, 1.5269, 1.522; Yen, 105.10, 106.20; FF, 5.476, 5.4745.

U.S. Gunships Attack Somali Arms Caches For a 3d Day

By Keith Richburg... WASHINGTON — U.S. planes and helicopters pounded the southern side of the capital Monday as the strategy appeared to shift to demolishing the military capability of Somalia's most powerful warlord.

But civilian casualties rose as witnesses and relief groups said an errant U.S. shell or missile hit a tea stand just before midday, injuring several Somalis.

The daylight attack by a U.S. Cobra helicopter firing into one of the capital's most congested neighborhoods came hours after U.S. AC-130 gunships for a third straight night straddled arms depots and weapons sites controlled by General Mohammed Farrah Aidid, a warlord.

U.S. officials said that cranes and bulldozers now would be subject to attack because U.S. intelligence suggested this equipment was being used by militiamen to build up sand barricades around Mr. Aidid's house.

"If we detect that the equipment is being used for militia purposes, it can be engaged," said Lieutenant Colonel Kevin McGovern, one of the senior officers involved in the campaign.

[In Washington, a senior U.S. defense official said the United States was sending more attack helicopters to Somalia and will continue air strikes as required against the Aidid forces. Reuters reported.]

[The official said at least four more Cobra attack helicopters were being sent to the area.]

General Aidid is being targeted because of his suspected role in organizing June 5 ambushes that killed 23 Pakistanis serving with the United Nations peacekeeping force.

The attacks on General Aidid's strongholds were seen as an important show of UN resolve in the face of the unprovoked ambushes. But with the bombing continuing, and the list of targets apparently expanding, the UN, led by the United States, now seems to some observers intent on breaking the back of the Aidid militia.

A retired U.S. Navy admiral, Jonathan T. Howe, the chief UN envoy in Somalia, confirmed that the operation goes beyond simply punishing General Aidid and seeks to demolish

See SOMALIA, Page 4

U.S. Stresses a Rights Code In Vienna, Christopher Urges One Standard

By Elaine Sciolino
New York Times Service

VIENNA — Committing the Clinton administration to a strong defense of human rights worldwide, Secretary of State Warren M. Christopher spoke out Monday with sharp criticism of Third World countries that seek to justify human rights abuses by citing different religious and cultural traditions.

Speaking on the opening day of the first World Conference on Human Rights in 25 years, Mr. Christopher did not give the names of countries that the United States sees as intent on challenging the "universality" of human rights.

But he noted: "We cannot let cultural relativism become the last refuge of repression."

Mr. Christopher said that the "universality" of human rights set a single standard of acceptable behavior around the world, and he pledged to pursue human rights in

Washington's relations with all countries, even traditional friends of the United States.

Adhering to conference rules, the secretary of state did not single out countries or groups he considered guilty of human rights abuses.

But he did feel free to applaud human rights successes, such as reversal of the recent coup attempt in Guatemala and the UN-supervised elections in Cambodia.

He made only a brief mention of Bosnia-Herzegovina, vowing that those guilty of "ethnic cleansing" in Bosnia would be punished. In sharp contrast to his scathing attack on Serbian aggression and "ethnic cleansing" in February, he referred vaguely on Monday to "those who desecrate these rights."

A key purpose of Mr. Christopher's speech as well as of the U.S. role at the two-week conference here is to underscore the Clinton administration's opposition to the campaign by some governments —

led by China, Syria, Cuba and Iran — to erode the concept of the "universality" of human rights.

Specifically, Mr. Christopher argued that countries that respect human rights are generally the most peaceful and stable, while the most violators are the world's aggressors and proliferators.

Mr. Christopher, who headed a human rights task force as deputy secretary of state in the Carter administration, presented the new administration's human rights plan of action that calls for the appointment of a United Nations high commissioner on human rights and of a special United Nations representative to investigate violence against women, including rape, female infanticide, dowry murder and physical abuse inside the family.

The United States, which has defined human rights as a central focus of its foreign policy, will also press for Senate ratification of four international treaties — to eliminate racial discrimination, to end discrimination against women, to protect the economic rights of the poor and to codify basic human rights and duties.

The Clinton administration seems to be developing a flexible, carrot-and-stick approach to human rights in which it will use incentives to modify the behavior of countries it considers capable of improvement, such as Turkey and China, while punishing those it considers recalcitrant, such as Iran.

The Clinton administration's case-by-case approach has so far brought a mixed response from human rights organizations. On the one hand, it has been praised for its decision to ratify the four international treaties, its emphasis on women's rights and its appointments of longtime proponents of human rights to key positions, particularly John Shattuck, as assistant secretary of state for human rights issues.

On the negative side, human rights organizations have strongly criticized the United States for failing to fulfill its own campaign promises on human rights, citing, as the most dramatic example, its decision to forcibly return Haitians fleeing by boat to seek political asylum in the United States.

As the conference began, the United Nations secretary-general, Boutros Boutros Ghali, seemed to take a poke at the West by noting that some countries used the human rights debate as an instrument of national policy.

"There is no denying that some states constantly try to hijack or confiscate human rights," he said.



Canada's prime minister-designate, Kim Campbell, greeting supporters after her selection in Ottawa.

WORLD BRIEFS

Rabin Talks Tough on Golan Issue

JERUSALEM (Reuters) — Prime Minister Yitzhak Rabin talked tough Monday before the resumption of Arab-Israeli peace talks, vowing not to cede the Golan Heights to Syria or make gestures to Palestinians.

Israel's 19-month-old negotiations with Syria, Lebanon, Jordan and the Palestinians resume in Washington on Tuesday. Mr. Rabin told parliament's foreign affairs and defense committee that even if Syria agreed to full peace, Israel would not return all of the Golan Heights captured in the 1967 Middle East War.

A committee official who briefed reporters quoted Mr. Rabin as saying: "I have made it clear to the Syrians that they will not get all of the Golan for peace."

Extremists Go on Trial in Germany

KONSTANZ, Germany (Reuters) — Four rightist extremists went on trial Monday for two arson attacks and for vandalizing a Jewish cemetery and graves for Nazi death-camp victims in southern Germany last year.

The charges included attempted murder in one of the attacks on homes for asylum seekers. Extremist propaganda was found in the homes of the defendants, aged 22 to 27, when they were arrested in December.

Five Turkish women and children died in a racist arson attack in the town of Solingen last month, adding to 17 deaths in rightist violence last year in Germany.

HIV-Infected Haitians Flown to U.S.

MIAMI (AP) — The final group of HIV-infected Haitian political refugees who had spent nearly two years inside a guarded U.S. compound at a base in Cuba began arriving in Miami on Monday.

A U.S. Air Force C-130 landed at Miami International Airport with 27 Haitians aboard and was met by a bus and ambulance. The group included six children.

The remaining 113 residents of the compound at Guantanamo Bay Naval Base — denounced as "an HIV prison camp" by a federal judge — are expected to fly in on eight additional flights over the next week. Some of the Haitians will stay in Miami but most will travel to other destinations.

Abiola Ahead in Nigeria's Election

LAGOS (Reuters) — The millionaire Muslim businessman Moshhood K.O. Abiola has taken a clear lead in Nigeria's presidential election, first official results showed on Monday. His staff said their figures showed he had beaten the challenger Bashir Othman Tafa in Saturday's voting.

Of the 10 states and the federal capital territory declared so far, Mr. Abiola had won nine to Mr. Tafa's two.

Mr. Abiola and Mr. Tafa, another millionaire Muslim businessman, are representing parties created by the army for a transition to civilian rule. It has been delayed three times.

Swiss Lean Toward Airline Merger

BERN (Reuters) — The Swiss government, in an apparent softening of its position, said Monday that its interest in maintaining air links with other countries could be met by a multinational airline company with Swiss participation.

Answering parliamentary questions on Swissair's planned link-up with KLM Royal Dutch Airlines, Scandinavian Airlines System and Austrian Airlines, the government said a national airline was helpful in meeting its need for a national and international airline network, but not necessary.

The government had previously indicated it did not favor a merger of the four airlines. But Monday, the government also said it expected Swissair, the flag-carrier, to provide more information about the plan.

TRAVEL UPDATE

Tensions in Brazzaville have led the State Department to warn U.S. citizens against traveling to Congo. The department also warned against travel to Azerbaijan because of political instability. (AFP)

SAS will begin offering scheduled flights to Russia's Baltic city of Kaliningrad, the airline said Monday. It will start in October with three flights a week from Copenhagen. Kaliningrad, formerly Königsberg, once closed to visitors because of its secret military installations, is now a free trade area. (AP)

Tower Bridge, the drawbridge over the Thames, was closed Monday for three months of repairs because of rusting steel girders. It will continue to allow boats to pass and will reopen to pedestrians Friday. (AP)

Romanian rail traffic came to a virtual standstill Monday when more than 30,000 employees launched an indefinite strike over pay demands, trade unions said in Bucharest. (Reuters)

France's domestic airline, Air-Inter, said Monday it was operating flights normally despite a call for a strike by flight engineers. Two out of four unions representing engineers called a 48-hour strike starting Monday saying the airline was resorting increasingly to using chartered planes and crews instead of hiring more permanent staff. (Reuters)

After 13 years, Mount St. Helens hides no more. A new spur highway off Interstate 5 between Portland, Oregon, and Seattle now takes motorists into the 1980 blast zone — to within eight miles of the dozing volcano for a view into the crater. Now, it is possible to witness first hand the devastation that resulted from the explosion May 18, 1980, and also to behold the rebound of nature as it regains footholds in the ash and mud amid the charred remnants of countless millions of trees. (LAT)

COURT: Woman Is Nominated

Continued from Page 1

commitment to the defense of individual autonomy.

As a judge, she has upheld abortion rights but also has questioned the legal construction of the key abortion ruling, *Roe v. Wade*. Mr. Clinton had insisted on a nominee who would uphold the right to privacy, including abortion.

Mrs. Ginsburg would be the first Jewish justice to sit on the court since Abe Fortas left the court in 1969.

She is viewed as more traditional in her legal outlook than such prominent court liberals as former Justices Thurgood Marshall and William J. Brennan.

Her presence is sure to further isolate the conservative wing, led by Chief Justice William H. Rehnquist, and it could buttress the frequent coalition of moderates formed by Justices O'Connor, David H. Souter and Anthony M. Kennedy.

Some associates, however, say that while Judge Ginsburg has followed precedent as an appellate judge and scrupulously follows judicial standards for appeals courts, she could fall into the more liberal category on the nation's highest court, which is frequently called on to set precedent.

But Paul Rothstein of the Georgetown University Law Center said: "There won't be any radical change in the court. She is a very moderate liberal."

Judge Ginsburg had been mentioned for months by White House aides as a potential nominee to the court, though some concern was expressed about her age.

Most of the recent attention had been focused on two younger men: Interior Secretary Bruce Babbitt, 54, and a federal appellate judge in Boston, Stephen G. Breyer, also 54.

It was later revealed that Judge Breyer had failed to pay Social Security taxes for a part-time housekeeper. White House aides said the tax question did not disqualify Judge Breyer, and they suggested Monday that he and Mr. Babbitt would remain top contenders for the Supreme Court should Mr. Clinton have another opportunity.

The president is expected to have at least one more and possibly two more vacancies on the nine-member court. His nomination of Judge Ginsburg is the first by a Democratic president since Justice Marshall was named by President Lyndon B. Johnson in 1967.

Judge Ginsburg was born in New York City and graduated from Cornell University. She was married soon after graduation and spent two years at Harvard Law School before completing her degree at Columbia Law School.

She spent a year as a law clerk for a federal judge in New York before joining the faculty at Rutgers. She later took a teaching position at Columbia.

Her husband, Martin, practices tax law in Washington and teaches law. They have two children and two grandchildren. A daughter, Jane, is on the faculty at Columbia Law School.

Mrs. Ginsburg recounted Monday that in her daughter's high school yearbook, one of Jane's ambitions was "to see her mother appointed to the U.S. Supreme Court."

Reporter's Query Angers Clinton

The Associated Press

WASHINGTON — President Bill Clinton cut short a news conference on Monday, at which he announced his Supreme Court nomination, after one question.

The question was asked by Brit Hume of ABC News after Mr. Clinton had announced his selection of Judge Ruth Bader Ginsburg. Mr. Hume asked whether the shuffling of names of people reported to be in line for the Supreme Court and other posts "may have created an impression, perhaps unfair, of a certain zig-zag quality in the decision-making process here."

Mr. Clinton angrily replied, "How you could ask a question like that after the statement she just made is beyond me." He then left the podium.

U.S. Ties Aid to Turkey To Human Rights Gain

By John M. Goshko
Washington Post Service

ISTANBUL — The U.S. secretary of state, Warren M. Christopher, has offered Turkey a revitalized relationship with the United States that could include expanded aid and trade.

But he also told Turkish leaders that favored treatment would depend on improvements in their nation's human-rights record.

Close U.S. cooperation with Turkey is a potentially touchy matter because the State Department's 1993 human-rights report found that the Turkish authorities, fighting terrorist groups, engaged in widespread and politically motivated killings, torture, illegal detentions and abductions.

A senior U.S. official said that during meetings in Ankara, Mr. Christopher told President Suleyman Demirel and Foreign Minister Hikmet Cetin that the Clinton administration wanted to go beyond security ties and give the relationship a greater political, economic and diplomatic dimension.

But, the official said, Mr. Christopher stressed that enhanced U.S. cooperation in all these areas depended on Turkey's ability to combat the threats it faces from rightist Muslim extremists and Kurdish separatists without resorting to violations of human rights.

At the same time, Mr. Christopher did not make any threats or put the U.S. position in what the official called "stark either/or terms."

Instead, the official said, the U.S. "aim is to engage with Turkey in a quiet dialogue about how the situation might be improved."

He added that the Clinton administration had no formula for linking aid and other favored treatment to human-rights performance, but judged each situation on a case-by-case basis.

Woman Leader in Turkey

President Suleyman Demirel asked Tansu Ciller to form a new government on Monday, giving this secular but Muslim country its first woman prime minister. Reuters reported from Ankara.

A U.S.-educated former economics professor, she was elected leader of the center-right True Path Party, Turkey's biggest, at an emergency party congress on Sunday.

First Woman to Lead Canada

By Charles Trueheart
Washington Post Service

OTTAWA — Margaret Thatcher, it is safe to say, would not have celebrated the joy of her greatest political victory by boogeying on stage to the throb of rock music, dipping her hips and kicking up her heels before a ballroom full of ecstatic young campaign workers.

That, however, was the instinctive response of Kim Campbell in the wee hours Monday morning after she was chosen by her party to become Canada's 19th prime minister, and North America's first woman leader. She is 46 — like Bill Clinton — and the first postwar baby to lead her country and the first native British Columbian.

When the throng began waving pink "Kim!" signs and chanting "Four more years!" she opened all her fingers and chanted back, "Ten more years!"

Brian Mulrooney, whom she succeeds as leader of the party, is stepping down after 10 years at the helm of the Progressive Conservatives, Canada's right-of-center ruling party.

Mrs. Campbell met Mr. Mulrooney on Monday afternoon at her future residence, 24 Sussex Drive, to set the transition in motion. She will probably be sworn in next week, reportedly in time for the outgoing prime minister to escort her to St. Jean Baptiste Day — Quebec's "national" holiday — in his native Basie Comeau.

Mrs. Campbell has fences to mend with supporters of her vanquished leadership opponent, Quebec's Jean Charest.

Much is on her plate. She has called for economic talks with Canada's powerful provincial premiers to coordinate a national deficit reduction strategy. Then she heads to Tokyo for the G-7 meeting, her premiere on the world stage and her introduction to her new peers in the industrialized world's capitals.

One of Mrs. Campbell's perceived weaknesses during the campaign was her lack of grounding in Canada's most pressing area, economic affairs. A Vancouver lawyer who did graduate work in Soviet studies, she has served in the federal government only five years, first as a junior minister for Indian affairs, then as minister of justice and currently as minister of defense.

While she made debt and deficit reduction the centerpiece of her campaign, she has not spelled out many of the "tough choices" she said she plans to make. She has staunchly defended a \$5-billion military expenditure for high-tech helicopters. She has not ruled out imposing token user fees for medical visits under Canada's universal health care system. She has pledged to pare the size of the cabinet by a third. She has said she will cut funding to unspecified Canadian advocacy groups, many of which are on the federal dole.

More comprehensively, she has proposed an overhaul of Canada's

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STATESIDE / COURTING DOCTORS

Mrs. Clinton Offers Doctors a Trade-Off

By Robert Pear
New York Times Staff Writer
CHICAGO—In a speech to the American Medical Association, Hillary Rodham Clinton has proposed "a new bargain" in which the White House would limit malpractice lawsuits, relax regulation of medical laboratories and free doctors from burdensome supervision if doctors supported President Clinton's effort to overhaul the nation's health care system.

Mrs. Clinton said doctors must take the lead in cracking down on incompetence, negligence and other abuses by physicians. In return, she said, the administration would try to protect the "clinical autonomy" of doctors, reduce paperwork and remove legal obstacles to self-regulation of the profession.

Speaking to an audience of more than 2,000 at the annual meeting of the AMA, Mrs. Clinton said doctors would not register "trust and respect and professionalism" without completely changing the operation and structure of the nation's health care system.

She told the doctors what they wanted to hear on many issues, including medical malpractice, but she largely avoided issues on which Mr. Clinton and the AMA disagreed.

The medical organization, for example, opposes Mr. Clinton's plan to establish national limits on all health care spending, public and private, and is concerned about price controls that have been considered by the White House.

"Over the last decade," Mrs. Clinton said, "our health care system has been under extraordinary stress. That stress has begun to break down many of the relationships that stand at the core of the health care system. That breakdown has, in turn, undermined your profession in many ways, changing the nature and rewards of practicing medicine."

Accordingly, Mrs. Clinton said, "we have to work harder to renew trust in who doctors are and what doctors do."

Health Care Reform, which was originally supposed to develop a proposal by May 3 to control health costs and guarantee insurance coverage for all Americans. The plan is now expected sometime before the end of September.

Mrs. Clinton did not say how the administration would finance its proposed changes. "We will try to include prescription drugs in the comprehensive benefit package for all Americans," she said, "including those over 65 on Medicare."

She also tried to allay doctors' concerns that President Clinton wanted the United States to follow Canada, Germany or other countries where the government plays a larger role in medicine.

plans for which they worked. In addition, she said, doctors would have "the option of being part of more than one plan at the same time," even though various health plans will be in competition with one another.

Mrs. Clinton did not deal with problems of price gouging and profiteering in the health care industry, as she did in a speech to a labor union on May 26. Rather, she pleaded with doctors to forge "a new bargain" with her.

"We need to remove from the vast majority of physicians these unnecessary, repetitive, often unread forms and instead substitute more discipline, more peer review, more careful scrutiny of your colleagues," Mrs. Clinton said.

Specifically, Mrs. Clinton said, "We have to simplify and eliminate the burdensome regulations" imposed on medical laboratories.

As part of the new bargain, Mrs. Clinton said, "We will offer a serious proposal to curb malpractice problems."

Officials said they were considering proposals that would require arbitration of claims and would limit payments to victims of malpractice and their lawyers. The limits would apply, in particular, to damages for "pain and suffering" caused by negligence.



TAKE A CARD, ANY CARD—President Clinton inspecting greeting cards during his visit to a Washington bookstore.

★ POLITICAL NOTES ★

Black Democrats Warn on Medicare Cuts
WASHINGTON—Black Democrats in the House have warned that the Senate Finance Committee's plans for further cuts in Medicare spending threatened the future of President Bill Clinton's entire budget in Congress. And a liberal Democrat in the Senate, Tom Harkin of Iowa, said that he and his allies would also work to vote down any budget with Medicare cuts they considered unfair.

But the Senate's Democratic majority leader, George J. Mitchell of Maine, said that the Finance Committee would not only cut Medicare, the federal health program for the elderly, in the version to be announced on Tuesday but would also make cuts elsewhere.

The panel is looking at ways to trim Medicare spending, perhaps by up to \$20 billion.

But a senior Democrat in the Congressional Black Caucus, Representative Charles B. Rangel of New York, said the House would not stand for such a cut.

"The president of the United States says he's staying out of it as it relates to the Senate until such time as it goes to conference," Mr. Rangel said on the NBC News program "Meet the Press." He added, "It just might be too late then."

If Bill's Ill, Al's All Ready, Thanks to George
WASHINGTON—Relying on a "road map" prepared by the Bush administration, Mr. Clinton and Vice President Al Gore have adopted comprehensive procedures for a transfer of power in case of serious presidential illness or death, White House officials say.

The second oldest presidential procedure, the 1964 succession law, was amended in 1987 to allow the president to name a vice president in case of illness or death. When President Ronald Reagan was shot in 1981, the government was plunged into confusion for hours over who was in charge. The nation was faced with an edgy Alexander M. Haig Jr., then secretary of state, striding into the White House briefing room to misstate the actual chain of succession by asserting that he was in charge.

It was not until then-Vice President George Bush returned to Washington from a trip West and offered calm statements about the government operating as usual that a sense of order was restored.

It was not until Mr. Bush became president in 1989 that his aide called a "very comprehensive road map" that goes through "every significant hypothetical" from a president being killed to "having a hernia operation." It also offers step-by-step guides on who should be called—and by whom and in what order—who should take over what duties, at what point power should be passed temporarily to the vice president and which procedures to follow to do all that.

Emergency Surgery for Pennsylvania Senator
PHILADELPHIA—Senator Arlen Specter, Republican of Pennsylvania, underwent surgery on Monday to remove a tumor that appeared to be benign.

"The operation went well," Mr. Specter's son Shamin said after the surgery at the University of Pennsylvania hospital. A hospital spokeswoman said Mr. Specter, 63, could be released within a week, and his son said a full recovery could take "several weeks."

Meanwhile, the state's governor, Robert Casey, was undergoing a heart-liver transplant Monday that was described as his last chance to overcome a genetic disease that is destroying his organs.

Quote / Unquote
Stanley B. Greenberg, Bill Clinton's pollster: "The Democratic Party needs to figure out that it is a governing party. It needs to see that we are all in it together, and we will all be held accountable. It's a new experience for Democrats."

Away From Politics
The Supreme Court agreed to decide whether abortion advocates may use racketeering or antitrust laws to sue protesters who block access to abortion clinics. The court said it would review a ruling that spared Operation Rescue and other anti-abortion groups from being sued. Their action that came five months after the ruling that U.S. judges cannot stop blockades at the clinics.

After hypodermic needles were found in sealed cans of Diet Pepsi bottled six months apart, the Food and Drug Administration warned consumers in Washington, Oregon, Alaska, Hawaii and Guam to pour the contents of their drink into a glass and inspect the container. No injuries were reported and initial laboratory analysis showed no sign of contamination in the cans, the federal agency said.

A reservist from Chippewa Falls, Wisconsin, died—possibly of a heart attack—after he and 48 others developed symptoms of food poisoning while on a field training exercise with the Wisconsin Army National Guard.

Undermined by torrential rains, a parking lot at a Marriott Courtyard Hotel in Atlanta collapsed into a sinkhole. At least one person died. The sinkhole, at least 210 feet (64 meters) wide, was 75 to 100 feet deep and growing. A nearby business was evacuated and one corner of that building now hangs over the sinkhole. Authorities said at least three vehicles were swallowed up.

U.S. Woman Is Killed In Krakatau Eruption
AGRICULTURE—An American woman died and five other people were injured by a small eruption at the Krakatau volcano in the Sunda Strait, hospital officials in Cilegon, about 100 kilometers west of here, said Monday.

The hospital said it received the body of one woman, identified only as a Miss Kelly, a U.S. citizen, and had treated three Britons and two Indonesians for burns.

LOBBY: How the Energy Tax Was Short-Circuited

Continued from Page 1
dred thousand dollars by direct mail last winter to battle the tax.

"We've got a Democratic president, a Democratic Congress. Whoever thought you would be able to beat this?"

In hindsight, he said others said, it is not so hard to see why.

One reason was that the tax hit every American, including thousands whose anger was easily brought out.

"I just took a while for members of Congress and Americans generally to look at it," said Charles Fritts, the chief lobbyist for the American Gas Association. "But when people did look at it, they said, 'This isn't an energy tax—it's my utility bill; it's how I drive my car.'"

Another is that some arguments against the tax were plausible, not merely political. Some gas utilities could show that the tax exceeded their profits; chemical makers could show how a similar tax, levied on chemicals to finance the Superfund toxic-waste cleanup program, had caused exports to plummet.

But the White House also fought a poor fight, the lobbyist said. Saddled with public suspicion of its economic plan and diverted by brush fire crises, Mr. Clinton never explained why a Btu tax was needed.

"Some said the White House fatally erred by handing out tax breaks to silence opponents, rather than insisting on shared sacrifice."

"They allowed their proposal to move from a relatively fair tax, across the board, to one that was riddled with loopholes," said Jerry Jasnowski, president of the National Association of Manufacturers, a Washington-based industry lobby.

While Mr. Clinton was absorbed by Bosnia, Haiti and the search for an attorney general, "we had a very single-minded coalition that focused on defeating the Btu tax and substituting spending reductions in its place," Mr. Jasnowski said. "The administration never got out into the field."

The White House also was crippled by a few powerful Democrats, including Senator David L. Boren of Oklahoma and Representative Charles W. Stenholm of Texas, who opposed the tax fiercely and publicly, and made opposition politically legitimate. Mr. Boren, a swing vote on the Senate Finance Committee, was crucial to the anti-tax effort, lobbyists said.

There were professionals like Mr. McAvoy, a Republican who ran "truth squads" to spread his party's message at the Democratic National Convention last July.

Advocacy's business is fertilizing grass roots—in this case, cultivating anti-tax sentiment for 1,400 lobbies and businesses headed by the Manufacturers Association and dubbed the American Energy Alliance.

In February, Randy Cruise, who farms 3,000 acres of corn and soybeans in Pleasanton, Nebraska, learned that the White House planned to tax ethanol, a corn-based fuel that competes with gasoline, at a maximum rate. Mr. Cruise is president of the National Corn Growers Association.

"We went straight to Bentsen and Panetta," he said.

Besides the Treasury secretary and Budget Director Leon E. Panetta, he went to Agriculture Secretary Mike Espy and farm-state Democrats like Senator Bob Kerrey of Nebraska.

Joining the cause was the Renewable Fuels Association, a trade group that includes Archer-Daniels-Midland Co., maker of 70 percent of all ethanol and a prolific political donor.

On March 23, before the tax bill

went to Congress, Mr. Bentsen sent Mr. Kerrey a letter.

"After studying the impact of the Btu energy tax," he wrote, "we have decided to exempt both ethanol and methanol."

Emboldened by that how to the farm belt, Northeastern senators demanded a break for their constituents too. So on April 1, Mr. Bentsen lowered the proposed tax on home-heating oil.

The Chemical Manufacturers Association used calls and visits by hometown company executives to secure an "equalizer" tax on competing imports. The American Gas Association turned to its 250 members to help move the Btu tax away from pipeline operators and onto gas customers' bills.

By April, as the modified tax moved from the White House to Congress, the anti-tax coalition—the American Energy Alliance and Citizens for a Sound Economy—opened long-planned efforts to stir up opposition.

The alliance was financed mostly

by the National Manufacturers Association, the U.S. Chamber of Commerce and the American Petroleum Institute. But it signed up 1,400 other members, creating the impression of a mass movement.

In the states of two crucial senators on the Finance Committee, Mr. Boren and John Breaux of Louisiana, the group spent about \$100,000 mobilizing public opinion. Street rallies and full-page newspaper advertisements were employed in the other states, with a twist: a toll-free number that voters could use to call their senators and complain about the tax.

How well such campaigns work is an open question. Mr. Jasnowski, Mr. McAvoy and Mr. Nesbit agreed that their millions might have been wasted had average people not already been uneasy.

"I think we threw a match on something that the White House had already thrown gas on," Mr. McAvoy said, "and that ignited a real brush fire."

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A Muslim Holdout in Bosnia Reports Serbs Are Closing In

Compiled by Our Staff From Dispatches
SARAJEVO, Bosnia-Herzegovina—The isolated town of Gorazde was struck Monday by intense mortar and artillery shelling, and officials there reported that Serbs were closing in on the town, which is the last major Muslim-defended enclave in eastern Bosnia.

Gorazde is crowded with about 70,000 residents and people who fled war and massacres in the region.

Sarajevo also shook with incoming and outgoing mortar and artillery rounds. The airlift of aid was resumed after being suspended for one day because of shelling of the airport.

Fahrudin Bećić, speaking by amateur radio from Gorazde, said Serbs had killed 66 people and wounded more than 100 in the previous 24 hours and had moved to within two and a half miles (four kilometers) of the outskirts.

More than 200 people need "urgent evacuation," Mr. Bećić said, adding that a large number of sick and wounded were dying because of a shortage of medicine.

At least 52 people were reported killed Sunday in an artillery attack on an improvised hospital in Gorazde.

Bosnian Serbs, who control about 70 percent of the former Yugoslav republic, seek unchallenged authority over eastern Bosnia. Gorazde has been cut off for months and has been under fierce attack

for 18 days. Bosnian Serb leaders have refused to allow UN monitors enter the town.

The United Nations designated Gorazde a safe area on June 4, along with Srebrenica, Zepa, Sarajevo, Tuzla and Bihać.

In Sarajevo, Bosnian Serbs initially prevented aid trucks from reaching the city by setting up a fortified checkpoint on the road leading to the airport. They later relented but showed no sign of pulling back from the road.

The Bosnian Croatian military said Monday that mainly Muslim government forces were razing Croatian villages and killing or expelling thousands of their inhabitants in central Bosnia.

UN officials confirmed the destruction of one Croatian village and severe bombardment of another in the embattled Kakanj pocket in the last 24 hours but had no information on mass killings or expulsions.

Meanwhile, about 250 of 450 trucks in a Muslim relief convoy ambushed and ransacked by Croats in retaliation for a Bosnian offensive in central Bosnia finally reached the northeastern city of Tuzla, a UN spokesman said.

Croatian troops killed at least nine drivers on the convoy, prompting British troops to return fire, killing two attackers and wounding a third.

In Vienna, UN Secretary-General Boutros Boutros Ghali said he was in favor of a new London conference on Yugoslavia and said the Vance-Owen peace plan for Bosnia could be amended.

"I am in favor of a return to the London conference, a new London conference on the basis of cooperation between the European Community on one side and the United Nations on the other," he said at a news conference.

Mr. Boutros Ghali said the inter-

national peace plan for Bosnia drawn up by Cyrus R. Vance, a former UN envoy, and an EC mediator, Lord Owen, ought to be retained as a framework for further talks.

The Vance-Owen plan was adopted as a blueprint for negotiations between warring Bosnian Serbs, Croats and Muslims following the London conference on Yugoslavia in August 1992.

"It can be modified with agreement from the bodies but it is a basis," the secretary-general said. "It is important to retain the basis and build on amendments to find an agreement with the different protagonists."

Secretary of State Warren M. Christopher on Monday gave conditional support to the call for a new London peace conference.

Noting that Washington continues to back a negotiated settlement in the Balkan civil war, Mr. Christopher said that if "there is a call for another conference to reach a viable settlement, of course, that's something we would support."

In Geneva, the site of fresh negotiations between Bosnia's three ethnic groups, diplomats said it was now generally accepted that the Vance-Owen plan was dead.

(AP, Reuters)



BANGLADESH FLOODING — Left homeless by flood waters, a family wading to shelter in the northeastern region of Bangladesh. Nearly 20,000 fled the village of Moulvibazar on Monday after gushing flood waters killed 18 people. This raised to 160 the number dead in flooding in the past two months.

SOMALIA: U.S. Gunships Attack Weapons Dumps in Mogadishu for 3d Consecutive Day

Continued from Page 1

all the world's heavy weapons and ammunition depots.

"The goal of this operation is to disarm the city of Mogadishu," Mr. Howe said. He said the ambush of the Pakistanis nine days ago "provides the opportunity now to really get moving on disarmament."

In aiming to remove him as a

major military force, the United States is moving beyond the earlier, ambivalent disarmament policy of the U.S.-led intervention, which sought to negotiate with Somalia's various warlords and allowed them to keep their weapons stockpiles if they didn't use them.

The June 5 ambush of the peacekeepers has apparently allowed the United States, under the umbrella

of the UN, to begin implementing a new policy that attempts to forcibly disarm the warlords, beginning with the air strikes on heavy equipment and supplies around the city.

Spokesmen for some relief agencies said they wanted to distance themselves from the UN, since they feared the initial goal of the military intervention — to allow humanitarian operations to proceed

unimpeded — had now been overtaken by the objective of engaging Somalia's warlords in combat.

There are also questions of accountability and control if, as many here fear, the bombardment appears to drag on, the civilian casualties mount, or the operation goes awry.

Already there have been doubts, following Sunday's bloody incident where Pakistani troops fired on Somali protesters, killing at least 14 and wounding many others.

Mr. Howe said he had asked the

UN military commander in Somalia, Lieutenant General Çevik Bir of Turkey, to conduct an independent investigation into the shooting.

Earlier, Major David Stockwell of the U.S. Army, the UN military spokesman, said an initial report on the incident says that the Pakistanis spotted armed gunmen among the crowd of about 1,000, mostly women and children, and that the gunmen, not the Pakistanis, fired first. That account is disputed by witnesses.

FRANCE: Appeal to U.S.

Continued from Page 1

telecommunications contracts worth billions of dollars stirred consternation throughout the Community. France and other European governments warned that such actions could sow distrust throughout the Community and ultimately damage the security interests of the trans-Atlantic alliance.

"At the heart of this problem is the question of whether Europe should exist or not," Mr. Balladur said. He said he would tell Mr. Clinton that "the political and economic identity of Europe must be preserved" if a successful GATT accord is to be reached.

A principal motive behind Mr. Balladur's trip, an aide said, is to emphasize to the Clinton administration that playing one ally against another was "like playing with fire" because breaking up the Community would have harmful security consequences for the United States.

Mr. Balladur acknowledged that the EC Commission maintained negotiating authority for the 12 member states and said that his trip should not be seen as an attempt to encroach on that mandate. "I am not going to demand anything or negotiate anything, only promote what I see as Europe's interests," Mr. Balladur said.

Until now, France has borne much of the criticism for the deadlock in the trade talks because of its refusal to impose additional sacrifices on its highly-subsidized farmers.

Last week, Mr. Balladur's government ended a long-standing controversy between the Community and the United States by approving an agreement to limit oil-seed production. Even though France was granted extra compensation by its partners, French farmers were furious over what they perceived as a sell-out by their government under pressure from other Community members and the United States.

Since then, Mr. Balladur has stoutly reaffirmed France's rejection of the deal, reached last fall at Blair House in Washington by U.S. and Community negotiators, that would curtail farm export subsidies. "We cannot accept this as the basis of any agreement because it is unbalanced and it limits our exports at a time when growth is already insufficient," Mr. Balladur said.

The Gaullist prime minister, who has taken pains to coordinate his views on key international issues with President François Mitterrand, a Socialist, insists that "a step-by-step approach" to solving the 15 areas of contention involved in the GATT negotiations will never achieve a balanced, overall agreement.

Mr. Balladur echoed the previous Socialist government in asserting that the United States will have to open up its market in the realm of financial and other services, where France is the world's No. 2 exporter, if it expects to gain further concessions from France and other European trade partners toward a GATT agreement.

TV Copter Crashes in Seoul

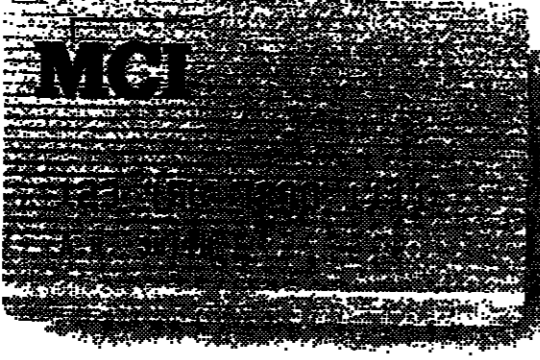
The Associated Press

SEOUL—A helicopter carrying a television production team crashed into the Han River here Monday, killing five people, the police said. Three people were pulled alive from the water.

"I am in favor of a return to the London conference, a new London conference on the basis of cooperation between the European Community on one side and the United Nations on the other," he said at a news conference.

Mr. Boutros Ghali said the inter-

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CHINESE: Trade Derails Rights

Continued from Page 1

president's economic advisers. They flooded the White House with letters from thousands of shoe store managers.

Wheat grower lobbyists organized a letter-writing campaign by leaders of major grain states, stressing the industry's dependence on China as its No. 1 cash customer.

Lobbyists from General Electric, Weyerhaeuser and the trucking, aerospace and apparel industries lined up lawmakers to join a House task force opposed to laying down conditions for the trade status, aides said.

Led by influential Democrats, it demonstrated political support for a policy less stringent than Mr. Clinton had campaigned on.

Making a case for good business, industry shifted the focus of the debate away from China's human rights record and memories of the Beijing suppression of pro-democracy demonstrators in June 1989 that killed scores of students.

"It had a significant impact," said an official involved in the trade status decision. "We're dealing directly with CEOs, who are dealing with opportunities they can grasp. You're not talking about a theoretical China market. You're talking about jobs next year."

Although U.S. industry executives and Chinese diplomats occasionally meet to discuss strategy, the lobby is not so well coordinated as the colorful assemblage of rightist politicians, religious leaders and others that managed to maintain U.S. recognition of the rival Chinese government on Taiwan for 30 years after it lost the mainland.

The new alliance is bound by a common interest in U.S.-China trade, which reached a record \$33 billion last year. China is the fast-growing major market for U.S. exports and the dominant source of toys, apparel and footwear in the United States.

Congressional supporters of trade privileges for China come from states with significant trade. These include two from farm states — Senator Robert J. Dole, Republican of Kansas, and Representative Lee H. Hamilton, Democrat of Indiana.

Others are Senator John C. Danforth, Republican of Missouri, and Representative Jim McDermott, Democrat of Washington — states with important aviation industries.

As important as the China market is to this country, the advantage lies with Beijing. Last year, it ran up an \$18 billion trade surplus, the second highest among U.S. trading partners. The United States is the largest market for Chinese exports, growing by 35 percent last year.

Beijing opens the trade door wide enough to show the profitability of the China market, then leaves it to the profit seekers to wield whatever political influence is needed to keep the door open, analysts say.

Gearing up for the most-favored nation fight in 1990, the Chinese commercial counselor, Huang Wenjun, sent letters to companies urging them to "display your impact in the U.S. government, the Congress, as well as news mediums."

When Chinese agribusiness officials visited Washington in May, the Chinese Embassy relied on the National Association of Wheat Growers to set up meetings for them with lawmakers from farm states to discuss grain purchases and trade status.

An embassy spokesman denied any calculated strategy. "U.S. businessmen express their views out of their own interest, which has not-

ing to do with the Chinese government," he said.

But Beijing knows how to set those business forces in motion. Nearing this year's debate, for example, Chinese trade delegations were sent on a U.S. shopping spree, moving from city to city in well-publicized visits.

Before the trip ended, the Chinese spent \$800 million for jetliners from Boeing in Seattle, \$160 million for vehicles from the Big Three automakers in Detroit and \$200 million for oil exploration equipment from companies in Texas and Louisiana, U.S. officials said.

With the reputation of penny pinchers, Chinese representatives offered to buy American steel at prices slightly higher than the Japanese and Koreans charge, a U.S. intermediary said.

The \$30 million deal fell through, but before it did, the U.S. intermediary said, he was told that Beijing was willing to pay a premium price because of the "direct political benefit."

But for every carrot it hands out, Beijing shakes its stick. U.S. companies are threatened with cancellation of orders or loss of future deals if China loses its preferred status, business sources said.

With President George Bush in office, there was less need for direct intervention by U.S. companies.

But when Mr. Clinton was elected on a pledge to link a renewal to China's behavior on human rights and arms sales, industry faced a "larger risk" and "had to come out as companies," said Douglas Paal, senior presidential adviser on Asia from 1986 to 1993.

"A congressman feels more directly the pressure of a named corporation from his own constituency," he said.

A product of such pressure was the emergence of the House task force that urges diplomatic pressure, not unilateral trade sanctions, to deal with human rights in China.

"We want the number of jobs that are dependent on the vast China market to grow, not decline," the task force said in a May 25 letter to Mr. Clinton.

On May 28, Mr. Clinton seized the middle ground staked out by the task force. Stressing China's "growing importance in the world economy," he extended most-favorable nation status for another year. He warned that future renewals would depend upon human rights progress in China.

JAPAN: A Diet of Privilege

Continued from Page 1

a member gets to his fifth term," noted Takayoshi Miyagawa, a well-connected political consultant. "This is the time when a member gets a clear association with some particular interest group. That's when the political contributions really kick in."

Mr. Miyagawa said this also explained the sharply higher total assets reported by members of the dominant party — three times as high as the average of opposition party members. The analyst suggested this is because ruling party members have more clout, and thus get more contributions.

The political effect of the reports, Mr. Miyagawa said, will be to confirm the public belief that politics is profitable. The result, he said, "will be a general increase in public disgust with politicians."

Traditionally, politicians in Japan were viewed as honorable paupers, people who were paid in prestige rather than money. An old saying had it that a man retires from politics with nothing left but "the well and the fence." — having sold his home and his belongings to support himself in politics.

Things are so different now that the Monday issue of Asahi ran its story on the disclosure forms under this headline: "Once It Was 'The Well and the Fence.' Today, It's the Whole Plantation."

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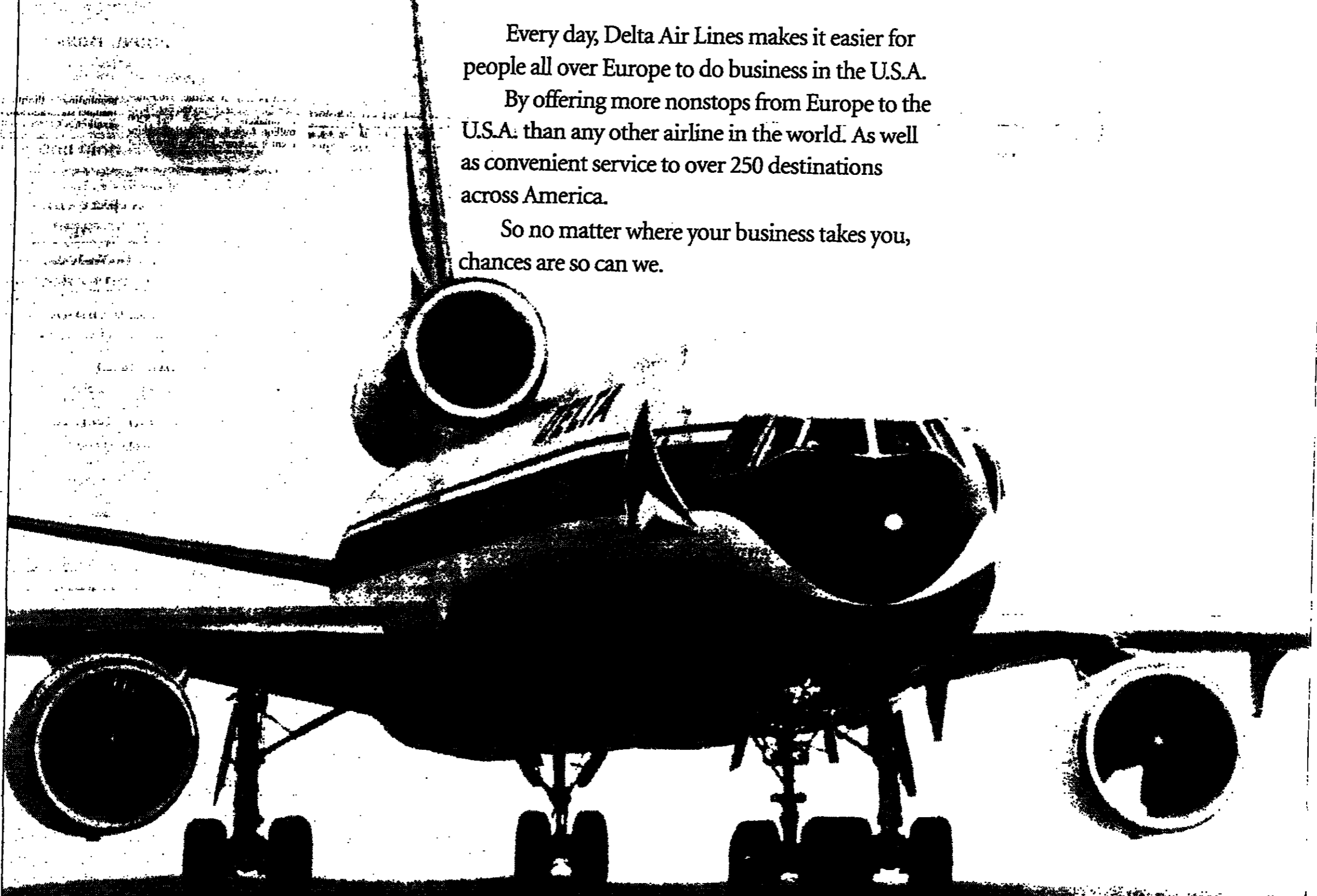


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gushing flood waters killed flooding in the past two weeks

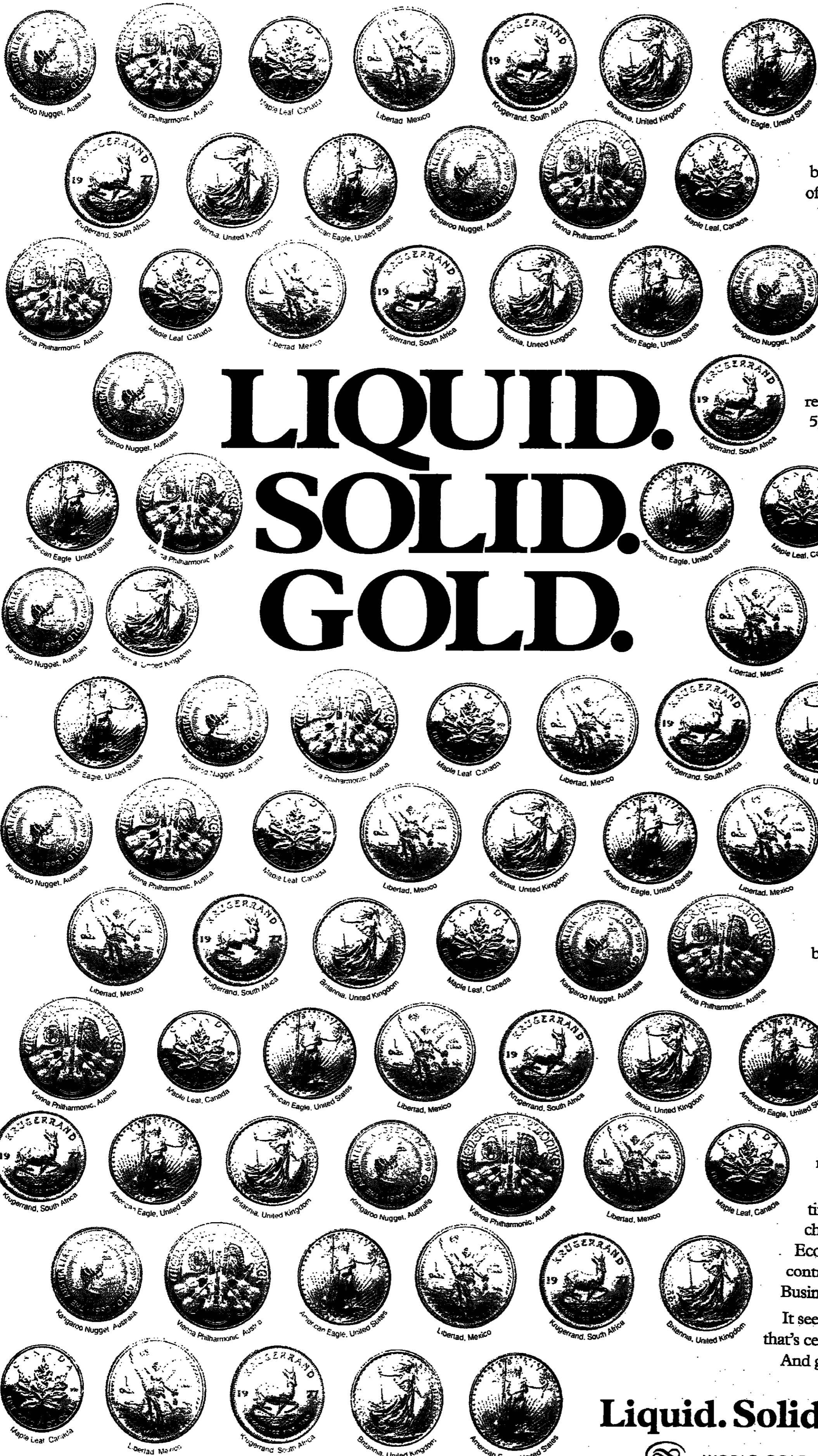
FRANCE Appeal to US

Continued from Page 1
The French government has appealed to the United States for help in the wake of the devastating floods that have struck the country in the past two weeks. The appeal comes as the United States is preparing to send a relief mission to the area. The French government has also requested that the United States provide additional aid to help the country cope with the aftermath of the disaster. The floods have caused significant damage to infrastructure and have displaced thousands of people. The French government is currently working to coordinate relief efforts and is seeking international support to help with the recovery process.

Privilege

The United States has a long history of providing aid to other countries in need. This tradition of generosity is a key part of our national identity. The United States has provided assistance to many countries over the years, helping them to build up their economies and improve the lives of their people. This aid has come in many forms, including financial assistance, technical support, and humanitarian relief. The United States is proud to continue this tradition and to provide aid to the people of France in the wake of the recent floods.

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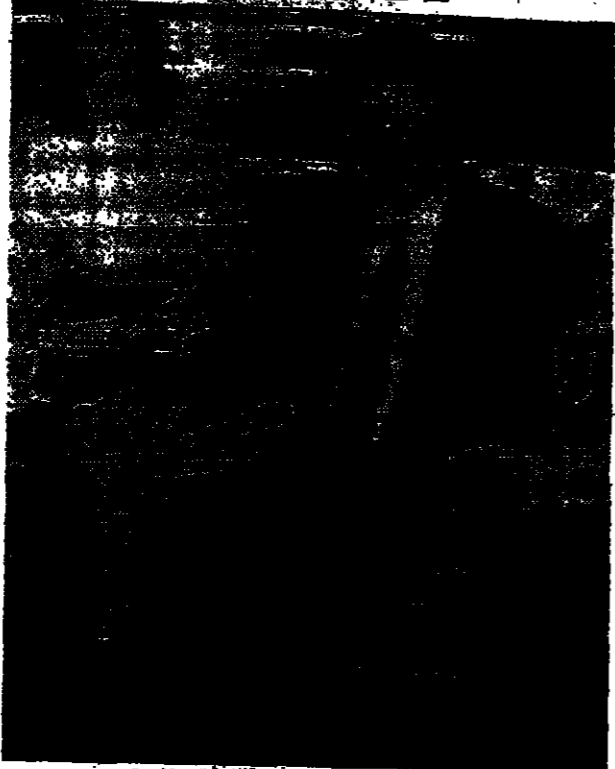
 WORLD GOLD COUNCIL

سوق الذهب



Li Peng Reappears After Long Absence

By Leat H. Sun
Washington Post Service



Prime Minister Li Peng of China on Monday during welcoming talks with the visiting Malaysian prime minister.

BEIJING — Prime Minister Li Peng, looking relatively healthy, appeared in public for the first time Monday since an undisclosed illness forced him to drop out of view seven weeks ago.

Appearing slightly drawn in his face but walking and talking with vigor, Mr. Li, 64, met with Prime Minister Mahathir bin Mohamad of Malaysia in a welcoming ceremony at the Great Hall of the People. Mr. Li, who is widely believed to be suffering from a heart ailment, seemed to have lost some weight but otherwise seemed fit.

His appearance Monday was aimed at dispelling growing speculation about his physical condition and political health. The state-run evening news led its broadcast Monday night, devoting more than five minutes to Mr. Li as he reviewed an honor guard and as he chatted with later with the Malaysian prime minister.

During his absence, Mr. Li is reported to have had a heart attack, or a stroke, or both. Some Hong Kong reports said he has liver cancer. But his appearance Monday only raised more questions. It remains unclear whether the hard-line prime minister is

physically capable of resuming a full work schedule, and whether his long absence was an attempt by the senior leader, Deng Xiaoping, to sideline the widely unpopular official, analysts said. Even Monday, officials would not disclose the nature of Mr. Li's sickness.

"As you have all witnessed, Premier Li Peng has done very well with his recovery and is now gradually resuming all his duties," the Foreign Ministry spokesman, Wu Jianzhi, said after the welcoming ceremony for Mr. Mahathir.

"As Li Peng's health gets better and better, he will certainly have more diplomatic duties to perform as premier," Mr. Wu said. Mr. Li is expected to meet with Prime Minister Paul Keating of Australia later this month.

During his meeting with Mr. Mahathir, Mr. Li, in a dark blue business suit, exchanged pleasantries with the Malaysian official and seemed to have no difficulty speaking. There had been speculation that one reason he did not appear — even in photographs or on the state-run evening news — was that his heart condition may have impaired his physical appearance.

U.S. Readies War on Alien Smugglers

By Joseph B. Treaster
New York Times Service

NEW YORK — Stated by the stranding of nearly 300 illegal Chinese immigrants aboard a tramp steamer off New York last week, after a surge of similar smuggling attempts along the coasts of Florida and California, federal officials say they are developing an arsenal of new countering tactics.

Under a plan being devised by the National Security Council and federal agencies, officials would be armed with some of the powerful tools now widely used against organized crime but banned in immigration cases: wiretaps, far-reaching conspiracy statutes and forfeiture laws to seize money and property obtained through smuggling.

led by the National Security Council. Although the group had been working on the problem of sea-borne smuggling for several months, its efforts gained new impetus with the grounding off the coast of New York of the Golden Venture, which resulted in the deaths of six Chinese immigrants.

A main thrust of the effort, the officials say, is to confront the Chinese and Vietnamese gangs that dominate the multimillion-dollar immigrant smuggling business, often holding bewildered newcomers captive in near-slavery conditions and recruiting some as drug-runners, prostitutes and enforcers.

The effort marks a significant departure in the nation's approach

to immigration enforcement. At least partly because of America's history as a nation of immigrants, immigration violations have long been regarded as somewhat benign and Washington officials have been reluctant to authorize harsh tactics against them.

"The perception has been of somebody just throwing people in the trunk of a car and driving across the Mexican border, not as organized crime where people were being hurt," said William J. Kerins, the acting director of the immigration service's anti-smuggling branch. "But it's getting out of control now. We're facing first-class criminal organizations and we need the proper tools to deal with them."

Though attention is now focused on Chinese gangs because of the recent arrivals of boatloads of illegal Chinese immigrants, Mr. Kerins said that equally violent gangs from Jamaica, Colombia, the Dominican Republic and Nigeria have begun to intertwine the smuggling of immigrants with drug trafficking, money laundering and other crimes.

The anti-smuggling plan, which is to be made public by the Clinton administration in the next few days, also calls for a campaign to press foreign governments to try to block crime syndicates from buying and outfitting smuggling boats as well as from organizing smuggling operations.

Torturing History in China

Museum Puts Ugly Twist on Fight to Sway Young Minds

By Nicholas D. Kristof
New York Times Service

CHONGQING, China — On a lush hillside here is a museum that has it all: a Torture Cave with iron rods beating ominously in a fire, an American-inspired concentration camp, grisly photographs of corpses, and a riveting American-made sound-and-light show of Communist heroes being massacred in 1949.

The museum, which focuses on the suffering that the Communists endured before coming to power in China, is a reminder that the government stays in power not only by constructing prisons, but also by building history.

daring in writing about the party's dirty laundry, and for the first time in this struggle for control of history the party seems to be on the defensive.

Even here in this museum, Mr. Li acknowledges some difficulties.

"A lot of kids aren't interested in revolutionary history," he said. "They're interested in Hong Kong pop stars, in Western films. It's a problem. I've got to admit."

Even his own 12-year-old

ists were then in an uneasy partnership against Japan.

After the Americans withdrew from the center in 1946, the Nationalists used it as a political prison. That is the basis for its name — on signs and pamphlets — as the "Chinese-American Cooperation Center Concentration Camp."

In the museum, one photograph shows an American training a Nationalist policeman how to handcuff a person by pinning his arm behind his back. The caption reads: "Training in murder."

Photographs of Americans training Chinese police are interspersed with gruesome pictures of the corpses of Communists who were killed years later in a 1949 massacre of 200 prisoners.

Asked if the museum was trying to blame the United States for China's own atrocities, Mr. Li looked hurt. He said that the museum had always acknowledged that the American role ended before the torture and killings began.

'A lot of kids aren't interested in revolutionary history.'

Li Hua, museum director.

daughter sometimes goes her own way and disagrees with mom and dad, Mr. Li acknowledged.

The United States does not come out very well in this museum, which 2 million people are herded through each year. Another 1 million people annually see a traveling exhibition that the museum sends to major cities around the country.

The factual starting point for the museum is that China and the United States operated a cooperative center from 1943 to 1946 to train Chinese police and intelligence agents. Chongqing, then known as Chungking, was the wartime capital, and the Communists and the National-

Cambodia Assembly Proclaims Sihanouk as Chief

By William Branigan
Washington Post Service

PHNOM PENH — Cambodia's new Constituent Assembly, holding its inaugural session after the UN-supervised elections last month, proclaimed Prince Norodom Sihanouk as head of state on Monday with "full and special powers" to save the country from its long-running conflicts and new threats of partition.

The resolution, adopted as the 120-member assembly's first order of business, came after Prince Sihanouk appealed to the warring factions to "end the partition of Cambodia" and restore peace.

Although his new powers have yet to be defined, the resolution appeared to move the prince closer to recovering the position he held before he was deposed in 1970 by a U.S.-backed general, Lon Nol, at

the height of the Vietnam War. For Prince Sihanouk, it was an usurpation of power that he has been obsessed with reversing ever since.

In southeastern Cambodia, meanwhile, attacks on UN offices were reported in one of seven provinces declared "autonomous" by Prince Sihanouk's renegade son, Prince Norodom Chakrapong, a deputy prime minister in the Phnom Penh government. But

there were signs that the government was climbing down from a violent campaign against the UN peacekeeping mission here to protest alleged "irregularities" in the May 23-28 elections won by a royalist opposition party.

Prime Minister Hun Sen, whose governing Cambodian People's Party wound up with the second-largest share of seats in the new assembly, flew to Kompong Cham

Province after the inaugural session and reported that, contrary to Prince Chakrapong's assertions, it remains under central government control.

In a message to Yasushi Akashi, the head of the UN mission, Mr. Hun Sen sought credit for resolving an alleged "secession" problem that UN and opposition sources say his government created in the first place.

In an opening speech at the assembly session, Prince Sihanouk, 70, said the assembly "inaugurates a new era" of liberal democracy, political pluralism, free enterprise and respect for human rights. He appealed to the warring factions to restore Cambodia's "national, political and administrative unity" and "return to our beloved people the peace that nobody has the right to deny them."

North Korea Offers to Meet South, Then Cancels

Compiled by Our Staff from Dispatches

SEOUL — South Korea, encouraged by North Korea's decision to suspend its nuclear weapons control pact, said Monday it had accepted an offer for talks but said the Communist leadership in the North then seemingly changed its mind.

Prime Minister Hwang Kyo-an said he had agreed to North Korea's proposal for a meeting Tuesday at the border village of Panmunjom.

In a telephone message to the North Korean prime minister, Kim Song, Hwang said Seoul would send two delegations. But hours later, North Korea dashed hopes for the meeting in a telephone message through liaison officials in Beijing. "We will inform you soon," it said.

on," the North's message said without explanation.

Mr. Hwang said that he had reacted positively to Pyongyang's decision to suspend its announced withdrawal from the Nuclear Nonproliferation Treaty and to seek a diplomatic solution to the nuclear issue.

The South's agreement to the Panmunjom meeting was a reversal of its initial insistence that the meeting should first discuss the Korean nuclear impasse.

In a separate development on Monday, Foreign Minister Shimon Peres of Israel said he wanted to visit North Korea to try to dissuade it from selling missiles to Iran.

Israeli Foreign Ministry officials said Mr. Peres would seek the support of the U.S. secretary of state, James M. Christopher, for such a mission.

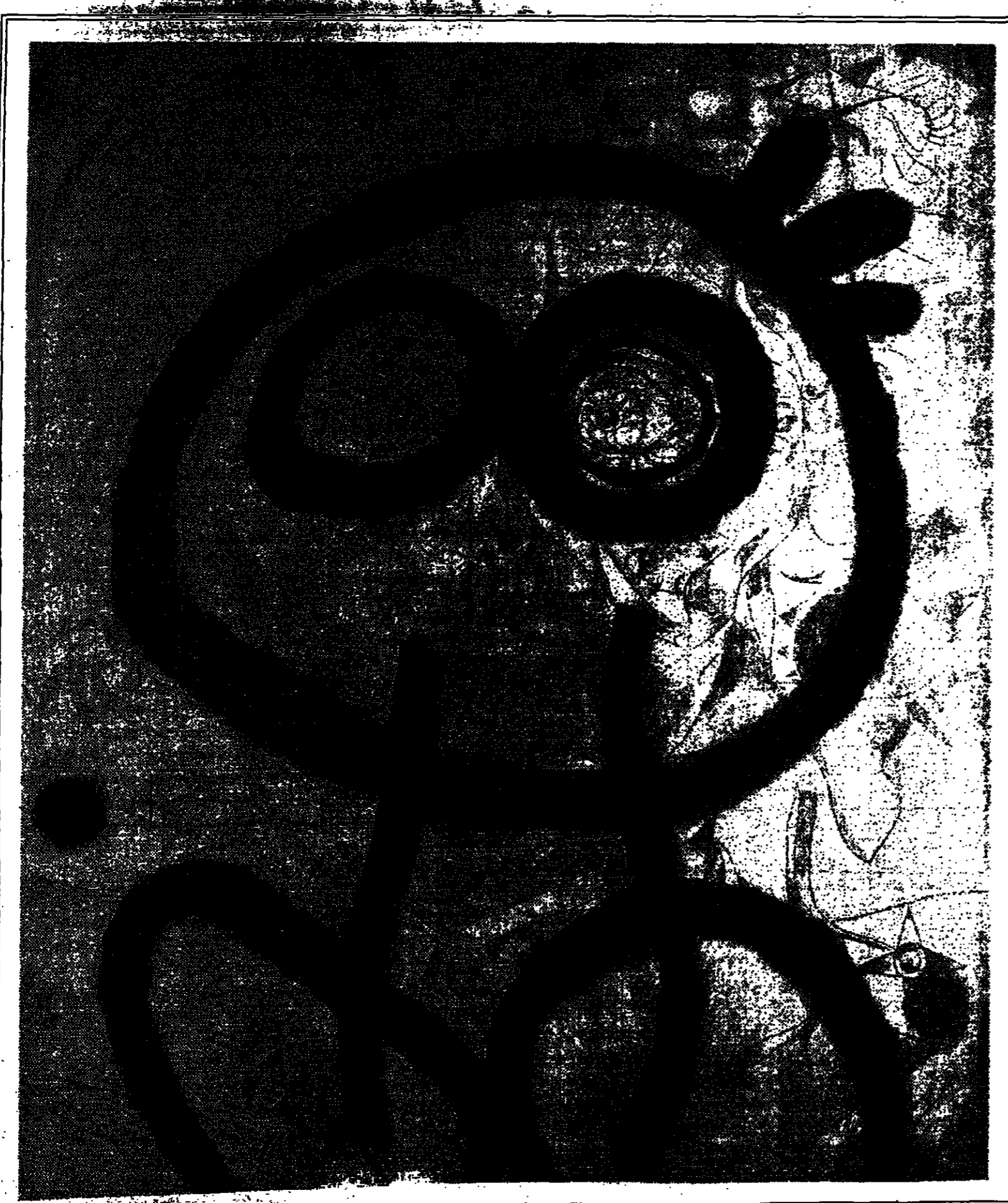
They said Mr. Peres had received an invitation from North Korea but had no firm travel plans.

"I do not need a visa from the Americans to go to North Korea but the Americans are negotiating with the North Koreans," Mr. Peres told Israeli Radio before leaving for Vienna to attend a UN conference on human rights.

Mr. Peres visited China last month. He said Beijing had promised then to end missile sales to Iran and Syria. Israeli officials said there had been secret contacts with North Korea.

Clinton to Visit Seoul

President Bill Clinton will visit South Korea on July 10-11 for talks with President Kim Young Sam focusing on security and economic ties and ways to counter North Korean nuclear weapons development, Agency France-Press reported Monday from Seoul.



IN WHAT COUNTRY WAS JOAN MIRÓ BORN 100 YEARS AGO?

Joan Miró. Self-portrait (detail) 1993-1994. Joan Miró Foundation, Barcelona.

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ld.

INTERNATIONAL Herald Tribune

Security for Ukraine

The United States has altered tactics to induce the important new state of Ukraine to honor its pledge to give up the nuclear warheads it inherited...

Trims at the Pentagon

President Bill Clinton's hopes to put America on a sound fiscal footing depend heavily on disciplining the defense budget now and for years to come...

Bizarre Moral Priorities

Only a year ago the U.S. Supreme Court struck down one kind of hate crime law as a violation of free speech...

Other Comment

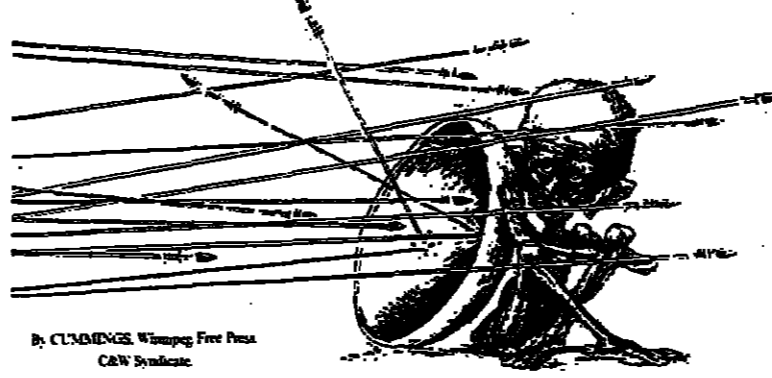
Retaliation in Somalia The retaliatory strikes against the forces of General Mohammed Farrah Aidid have been expected for days...

For and With Africa: Tough Norms Against Thugs

By Michael Clough

NEW YORK — The decision by United Nations forces to attack strongholds of the Somali warlord Mohammed Farrah Aidid should become part of an international campaign against political thuggery in Africa...

war-induced famine that killed several hundred thousand people. In Liberia widespread fighting killed thousands and displaced more than half the population...



In Somalia, the attack on the UN forces was a clear sign that General Aidid and other warlords are unwilling to fade away without a fight...

The writer is a visiting fellow at the Council of Foreign Relations and a senior adviser to the Stanley Foundation...

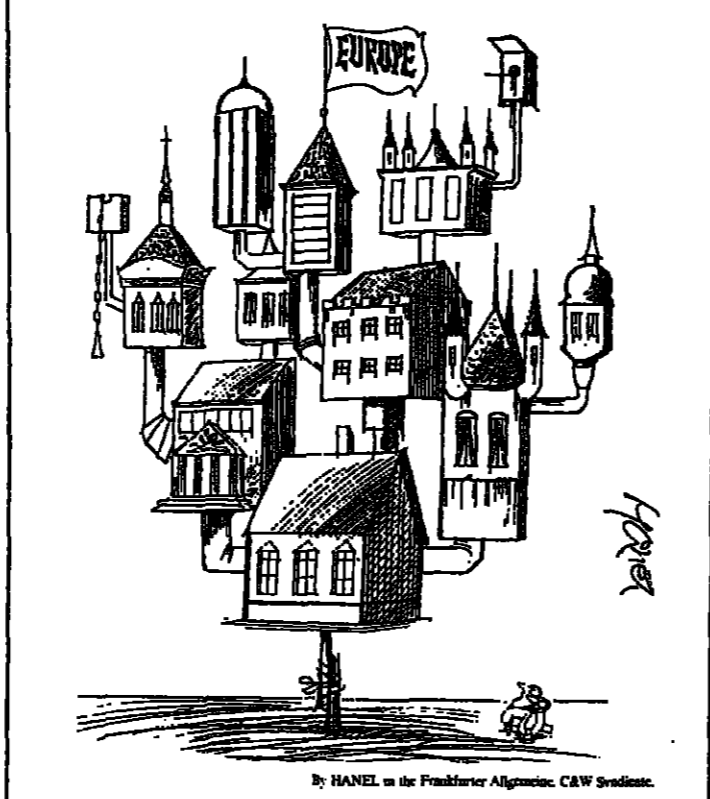
NATO in Limbo: Clinton Should Transform It or Abandon It

By James Chace

NEW YORK — It seems likely that history will record the North Atlantic Treaty Organization's failure to respond effectively to the Bosnian war as evidence of the demise of that military and political partnership...

European order. Washington is slipping into drift. Secretary of State Warren Christopher's characterization of the Bosnian conflict as a humanitarian crisis a long way from home...

In his fiscal year 1994 military budget request of \$277 billion, President Clinton has nonetheless allocated about \$100 billion to a NATO that does not advance his foreign policy agenda and arguably frustrates it...



By HANEL in the Frankfurt Allgemeine CAW Syndicate.

Latvia: Freedom to Savor and Share

By William Safire

RIGA, Latvia — There's a telephone directory in a hotel room. To people accustomed to freedom, that is expected...

back, but half the residents are now Russians, Ukrainians, Jews and others of different ethnic backgrounds. To reassert its nationhood, Latvia denies citizenship to about half of those it calls "colonists"...

the issue was not put quite this bluntly at the high-level, unofficial NATO working group meeting in Budapest last week. But it was the question that underlay the discussions of past and present military and civilian officials who gathered to talk about the security of the Western world in rooms where the Warsaw Pact formerly met...

Where There's No Will There's No Way

By Jeane Kirkpatrick

BUDAPEST — Who needs NATO now and what for? Is it merely an anachronism, this organization created more than 40 years ago to protect West European democracies from a Warsaw Pact attack across the center of Europe?

der Soviet domination has left them with an abiding concern about security and a powerful respect for American military strength as well as a special appreciation of NATO as a community of shared values that could reinforce the democratic institutions of Eastern Europe...

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Shakespeare's Jug LONDON — Relics of the greatest of dramatists were on sale at Christie's yesterday (June 14). One was Shakespeare's jug of cream-colored earthenware...

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUEBNER, Publisher

Handwritten Arabic text at the bottom of the page.

Shuffling Toward Privatization Belgium Picks Lackluster Assets to Start Sell-Off

BRUSSELS — Belgium's shaky coalition government is at last united on one point: The time has come to sell state assets.

The government, comprising four parties representing Flemish- and French-speaking peoples, seldom agrees on any point. But the crisis of state finances has helped focus minds.

The burgeoning public debt and government deficit prompted the coalition to adopt a package of tough spending cuts and tax increases in March. Still, to reduce the deficit to its target of 3 percent of gross domestic product by the end of 1996 from 6.9 percent in 1992, more money had to be found.

According to EC-wide rules, any country wishing to adopt the planned single currency must reduce its budget deficit to 3 percent of GDP by the end of 1996.

"All political parties could see that state assets had to be sold," said Jean-Benoît Fiedboon, adviser on selling state assets to Finance Minister Philippe Maystadt.

Early in the year the government was talking about raising 45 billion francs (\$1.3 billion) from the sale of state-owned companies over three years. Now Finance Ministry officials are talking about selling 60 billion francs worth of assets.

But the Belgian government has found buyers to be an elusive breed. Economists said that is because the government's initial choice of companies to sell was not particularly thrilling and the conditions under which they will be sold are not clear.

First to go will be shares in four state-backed investment companies: Caisse Générale d'Épargne et de Retraite, Société Nationale des Investissements, Société Nationale de Crédit à l'Industrie and Office Central de Crédit Hypothécaire. All four companies have been earmarked for sale this year.

More interesting will be the sale of shares in the telephone monopoly, Belgacom, which is likely to be sold either in 1994 or the year after. Belgacom is virtually guaranteed to be profitable until the day foreign competition hits the market, economists said.

The government decided against selling the investment companies on the Brussels stock exchange, afraid that they would not arouse sufficient interest. Instead, the government has invited bids from financial companies.

The problem for interested parties is that it is hard to tell just what they are buying. The government is divided over whether to allow the private sector to take majority control in companies such as CGER and SNI and the picture is further blurred by an absence of hard-nosed financial data on the companies.

A law before the legislature could help the government sell the companies. The law would make the government entirely responsible for the terms under which the companies are sold. Under current laws, any trans-

Rates in France Are Reduced Below Levels in Germany

PARIS — France cut its key interest rates for the eighth time in two months on Monday as the perception grew that only a dramatic easing of monetary policy would provide a way out of the ever-deepening recession.

The rate cut came as the government said the recession this year would probably be worse than it forecast only two months ago.

"That is really, what we have got to keep on cutting interest rates," Budget Minister Nicolas Sarkozy said in an interview in the daily La Tribune Desofesses. "There are no other fiscal measures than those we have already used."

Monday's cut took some official French rates below their German equivalents, an unusual position for French rates.

The Bank of France said it was cutting its intervention rate, which sets a floor on money market rates, by a quarter-point to 7.25 percent, the same as the German discount rate. It also cut its five-to-10-day lending rate, which sets a ceiling on money market rates, by a quarter-point to 8.25 percent, below the equivalent German Lombard rate of 8.50 percent.

It was the eighth rate cut since the current center-right government came to power at the end of March. Major commercial banks followed the announcement with cuts in their own base lending rates.

Newspapers reported this week-end that the government now expects the economy to shrink by 0.8 percent this year after originally forecasting a decline of 0.4 percent.

Separately, the Bank of Portugal cut its key short-term rate by three-quarters of a point to 11.25 percent Monday, the bank said.

In Basel, Bundesbank President Helmut Schlesinger welcomed the fact that interest rates had fallen below German levels in some nations in the European Monetary Union, including France.

Mr. Schlesinger, speaking at a Bank for International Settlements gathering, said the falling rates had shown that "not every depends on the Bundesbank" to lower interest rates.

Last week in Stockholm, Mr. Schlesinger cited French rate cuts as an example of nations acting independently of the Bundesbank.

KLM, Unions Set '94 Wage Freeze

AMSTELVEEN, Netherlands — KLM Royal Dutch Airlines and union leaders have agreed to freeze wages in 1994 and to stick to a 2.5 percent wage increase agreed for July 1 this year, the airline said Monday.

KLM and the six unions also agreed that the airline would not pay premiums on employees' pension funds for the year that began April 1. KLM said that would save it around 300 million guilders (\$164.7 million).

Separately, KLM President Piet Borst said the airline's proposed partnership with Swissair, Scandinavian Airlines System and Austrian Airlines would lead to job cuts at KLM. But he said a rumor of 15,000 job cuts that was circulating in some quarters was "really absurd."

U.S. Set to Buy Matra Satellite Ground Station

PARIS — The U.S. Air Force will buy a satellite-photo-analysis ground station from the diversified French defense group Matra-Hachette, Matra officials announced Monday.

The station, whose price was not disclosed, is mobile and allows the analysis of ground photographs taken by Europe's Spot satellite network. Although Spot's tasks are mostly civilian, the Allied forces use its images during the Gulf War.

Matra officials, in a news conference at the Paris air show, also said that they expected two unspecified clients to purchase their Mistral anti-aircraft missiles by the end of the year. They said the clients are in the Middle East and in Southeast Asia.

Jean-Luc Lagardère, chairman of Matra-Hachette, also said that his company expected to establish a link with British Aerospace in missile development by the end of the year. Other European companies would be welcome.

Matra also announced that its defense unit would cooperate with Boeing Co. of the United States to develop a new air-defense system called Guardian. It will combine Matra's Mistral anti-aircraft missile system with Boeing's Avenger.

Meanwhile, Serge Dassault, president of the financially troubled, state-controlled Dassault Aviation SA, said he would be obliged to lay off workers if France delayed purchasing the new Rafale fighter.

Separately, the U.S. engine maker Pratt & Whitney said it had reached agreement with Russia's Perm Motors, an engine maker, and Aviadivigal, an engine designer, to create a joint venture to work on commercial-aircraft engines.

DISPUTE: Bonn-U.S. Telecom Deal Widens EC Rift

Continued from Page 11

responsibility for Bonn's EC relations had been caught off guard.

"There is no dissent between different ministries, that is sure," a spokesman for the Foreign Ministry said.

"But in a possible sign that Germany may be wavering under the criticism, officials in Washington said they had not yet received a letter from Bonn verifying the veracity of the threat of any new sanctions.

Another source said, "We don't want the dispute to strengthen the reticence about GATT of those countries that are already reticent."

Saudis Warn Iran, Nigeria

NICOSIA — Saudi Arabia's oil minister, Hisham Nazer, was reported on Monday to have threatened Iran and Nigeria with unspecified action if they cheat on their OPEC quotas.

The Middle East Economic Survey said Mr. Nazer delivered the warnings in bilateral meetings during the OPEC conference that ended in Geneva on Thursday.

"In bilateral contacts, the Saudi oil minister is said to have specifically warned his Iranian and Nigerian counterparts that the kingdom would take appropriate action if the countries concerned continued to exceed their OPEC allocations," the publication said.

Ministers in the Organization of Petroleum Exporting Countries reached a limited agreement on Thursday, which retained an output ceiling of 23.582 million barrels per day but left out Kuwait.

PLANTS: Topos Grand Design Raises Questions

Continued from Page 11

thrive in next plants and assembly lines and thus do not have to pack parts into boxes and pay for shipping to the assembly plant. The assembler does not have to unpack boxes, throw away cartons or spend effort moving parts to the assembly line.

But could large suppliers, who ship similar parts to several assembly plants, afford to duplicate manufacturing operations next to each assembly line?

"You've got to think about economies of scale," said Gerald M. Jusco, the vice president of corporate relations for ITT Corp.'s \$3.5 billion automotive parts business. "You just can't be next to every manufacturer in the world."

James Harbour, a manufacturer consultant in Troy, Michigan, said automakers had tried to save assembly labor by press-assembling several parts, then shipping them as one component. Bumpers, seats and instrument panels can be pre-assembled, for example.

"I'm not sure you always save," he said. "Sometimes the labor is just shifted to the supplier. Sometimes the component is cheaper to ship and therefore costs more."

Incredibly, many vehicles are not designed so that parts can be pre-

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First three months 1993

The results of Internationale Nederlanden Group for the first three months of 1993 showed a small increase. Compared with the first three months of 1992 net profit rose by 2.3% from NLG 386 million to NLG 395 million. Profit per share remained unchanged. Total assets increased by 4.9% to NLG 339.5 billion.

The results have been determined in accordance with the new accounting principles which are being applied by ING Group as of 1993. The figures for the first three months of 1992 have been adjusted to the new accounting principles to allow a proper comparison.

Amounts in Dutch guilders	Three months 1993	Three months 1992	% Change
(in millions)			
Result before taxation	530	516	- 2.7
Net profit	245	286	- 2.3
(in guilders)			
Net profit per share	1.60	1.60	0.0
	March 31, 1993	December 31, 1992	
(in Billions)			
Total assets	339.5	323.8	+ 4.9
Investments	125.3	128.7	- 2.0
Bank lending	145.4	139.3	+ 4.4
Group capital base	17.4	16.7	+ 4.1

The report for the first three months can be obtained at the following address:
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EDITOR/La Défense-France	Pharmaceutical Company
HEAD, PRESS SERVICE/Geneva	The Int'l Federation of Red Cross and Red Crescent Societies

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INTERNATIONAL CLASSIFIED

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FOR INVESTMENT INFORMATION
read THE MONEY REPORT every Saturday in the IHT

NYSE

Monday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not include elsewhere. Via The Associated Press

Table with columns: Ticker, Price, Change, Volume. Includes NYSE High-Lows and NYSE Low-Lows.

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Table with columns: Ticker, Price, Change, Volume. Includes NYSE High-Lows and NYSE Low-Lows.

INTERNATIONAL FUNDS

June 14, 1993

The smallest fund is in parentheses. All fund names are in parentheses. All fund names are in parentheses.

Table with columns: Fund Name, Price, Change, Volume. Includes various international fund listings.

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Table with columns: Fund Name, Price, Change, Volume. Includes various international fund listings.

البيان

French Economy

A Special Report
International Herald Tribune
Tuesday, June 15, 1993
Page 19

Stock and Bond Markets Wait to Be Convinced

By Martin Baker

PARIS — Will they sink or will they swim? International investors have been asking that question of the ambitious series of 21 privatizations, which may rise up to 500 billion French francs (\$95 billion), ever since it was put forward by Prime Minister Edouard Balladur's government last month.

The sheer size of the proposed privatizations has assuaged investor interest among analysts, who will be observing the new tight-of-center government's stewardship of the economy and the stock and bond markets with great interest. In addition to stimulating these markets, the government has embarked on a program of fiscal reform, designed to divert some of the vast pool of savings from French money market funds.

At the end of 1992, there were almost 1.8 trillion francs in SICAVs (a type of mutual fund), according to statistics from the leading French regulator, the Commission des Opérations de Bourse (COB). Most of that is held in money market-invested funds. "It's a very interesting time for the French financial markets," said David Harrington, a Paris-based French company analyst at the stock brokerage firm, James Capel. "They're being asked to jump a few hurdles while the government goes about the business of reform. We can expect more and bigger fiscal incentives than the present one, allowing transfer from money market funds to share-invested savings plans without penalty."

the privatization program. Then the CAC-40, the main market indicator of 40 leading shares quoted on the Paris Bourse, broke through the 1,900 mark. It dipped back down again shortly after, but gained more than 60 points last week to trade around 1,920 as dealers anticipated Monday's 0.25 percent cut in interest rates by the French central bank. Many analysts believe the 1,900 level is no longer a key resistance point.

The buoyancy of the stock market is just one of several factors seen as critical in determining whether the privatizations will be a success.

A key factor in international confidence is the belief in the investment community that France is a well-governed country. "The people at the French Finance Ministry and in the inner circle of French government are of high quality," said Gavin Farley, London-based managing director of Salomon Brothers, responsible for French investment. "They are thoughtful people who know how to listen to, and to take, advice."

Mr. Farley argues that, above all, the attitude of domestic investors is crucial to the success of the program. "The greatest challenge to the French government is domestic. While the removal of a 30 percent maximum ceiling on foreign investment is welcomed by international investors, the government must still be seen as selling off the jewels of its public sector to its own people. Here the task of getting money out of mutual funds and into shares is crucial. To do that the government must continue to ease interest rates down, and introduce more fiscal incentives for individuals to hold shares."

Marc Vénot, chief executive of Société Générale, stated after the package was announced that he intended to increase his bank's stake in Rhône-Poulenc, the chemicals group, and Assurances Générales de France, the insurer. Mr. Vénot was commenting well before any discussion of the pricing of either company, since neither is expected to offer more stock to the markets before the fall.

But if the share market is to be revitalized through privatizations, commentators are asking whether other markets may suffer. The money market-dominated French mutual fund industry is the biggest in Europe, and is second only to that of the United States in the world. The money fund market will shrink if the government gets its way.

"We can expect the government to pursue fiscal reform with vigor in the next year," said a senior economist at a Paris-based international agency. "They want to change the conservative investing habits of the French public."

But even if the money fund market diminishes slightly, the markets that serve it are in good health. One of the key sources for money funds is the bond market. The latest statistics from the Banque de France revealed 4,516 issuers of paper at the end of May. Short-term bonds of less than a year accounted for four-fifths of the market.

MARTIN BAKER is the editor of the International Herald Tribune's Money Report.

	1989	1990	1991	1992	1990	1991	1992
Investment	67	82	83	80	6.1	6.6	6.1
Exports	7.0	2.3	2.2	3.0	14.8	22.3	20.7
Imports	1.4	1.3	1.4	2.7	44.1	48.0	51.2
Balance of trade	8.4	13.7	11.1	12.0	11.5	32.7	33.3
Current account	25.0	38.6	21.1	19.1	35.2	20.8	17.3

Investment Overseas Cools Off

By Conrad de Aenlle

PARIS — Foreign investment by French companies has slowed markedly in the last couple of years, as fiscal restraint has won out over the freewheeling acquisitiveness of the 1980s that left corporate France with more debt than it ought to have and overseas operations that often hurt more than help profitability.

French companies were not alone in the cross-border buying binge of the last decade; it was joined as the right thing to do by businesses worldwide. But the idea did not catch on in France until relatively late in the game, say those who follow French industry. When it did catch on, a number of concerns leaped overseas with wallets open.

French investment in the U.S., peaked in the late '80s with a wave of takeovers," said Sophie Blanpain, who analyzes French companies for Credit Suisse First Boston. "Pechiney, Rhône-Poulenc, St. Gobain... there was kind of a rush for acquisition and expansion by those companies." French businesses were at one time the single largest investor in the U.S., making some of the largest bids.

But coming in after a trend is fully in force can be costly. By the time French companies started making foreign deals, many of the best pickings had already been snatched up.

ability," along with the drive to the single European market, which led to "cross-border investment in all directions. In the current environment, profits are under pressure. Companies don't have the funds to make investments. But it's a cyclical phenomenon, rather than a structural one."

The lack of money is not keeping the French from expanding overseas, but it is compelling them to go about it differently, by acquiring smaller stakes, for instance, and staying closer to home.

While French companies are stepping abroad more gingerly, foreign companies are increasing their investment in France, an experience shared by few other developed countries.

France received \$16.3 billion in foreign investment last year, OECD's provisional figures show, compared with \$9.2 billion in 1990, better growth than any other major OECD economy, most of which showed declines.

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Havas is organized around seven major sectors of activity:
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INCOME FROM OPERATIONS BEFORE TAXES 1992: FF1,893 MILLION.

KEY FIGURES FOR THE HAVAS GROUP

CONSOLIDATED FINANCIAL DATA (in FF millions)	1992	1991	1990
Revenues	28,183	26,497	23,661
Income from operations before taxes	1,893	1,851	1,978
Consolidated net income	1,099	1,475	1,457
Net income, Group share*	823	1,083	1,154
Cash flow	1,171	1,151	1,210
Investments	2,997	2,360	2,267
Shareholders' equity, including minority interests	9,495	8,178	6,989
Shareholders' equity, Group share	8,561	6,581	5,640
Cash and marketable securities net of financial debt	2,218	1,939	2,490
Employees (consolidated companies)	12,430	12,462	11,904
Per share data, in francs, adjusted			
Net income, Group share**	19.4	28.1	30.1
Gross dividend paid by Havas.	12.00	12.00	10.35

1992-'93 STRATEGY AND TRENDS
Havas is continuing its strategy of strengthening domestic market shares in all seven core businesses, while developing international positions. In 1992, the group derived nearly 33.6% of its sales outside France.

For further information please contact:
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HAVAS

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<input type="checkbox"/> Pension fund	<input type="checkbox"/> Bank / financial intermediary	<input type="checkbox"/> Insurance
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	<input type="checkbox"/> Private individual	<input type="checkbox"/> Other

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ART BUCHWALD

Politicking à la Carte

WASHINGTON — There are approximately 2,450,430 political dinners held in Washington every night. Obviously, elected officials cannot attend all of them. So they do what is called a "drop by," which means stopping in to shake hands and have their pictures taken with the dinner's organizers. It's dirty work — but somebody has to do it.



Buchwald

Senator Mike Kandoos is probably the champion "drop by" artist on Capitol Hill, having never missed an official dinner in 24 years of public service.

I arranged with one of his aides to take me along on Kandoos's rounds.

The aide was briefing the senator as we walked in to the lobby of the Washington Hilton. "We're going to drop by the Lasagna Association Dinner first. They're trying to reduce the amount of real cheese that goes into their product as opposed to the fake stuff. Ordinarily, you would be against this because the milk industry donated \$25,000 to your campaign. But the Lasagna PAC came up with \$50,000 so you are re-assessing your position."

We entered the ballroom where we received a standing ovation. The Lasagna Association director told the crowd: "We have a

friend in Senator Kandoos. As a child he always ate lasagna and, if he has his way, every student in America will be having it for school lunch."

Kandoos shook his hand and we moved on. The aide whispered to him. "They're having a small dinner upstairs for people who have contributed more than \$100,000 to the Lethal Weapons Association. I promised them a drop by on the understanding that you would come out against the 15-minute waiting period to buy a gun."

The reception was cool. The president of the LWA told the senator that if he ever voted for any anti-gun legislation he'd make sure that Kandoos never ate lunch in the Senate dining room again.

From there we descended to the basement to drop by a costume party given by the Texas Chain Saw Manufacturers Organization. They asked Kandoos to say a few words. He did. "If anyone needs a tax break in this country it's the chain-saw manufacturers, and I promise you that the president knows where I stand on this issue. If his tax hike message singles out your group it will be 'tasta la vista' for his administration."

In an hour we covered parties and dinners and balls at the Sheraton Park, the Mayflower, the Omni and the Hyatt Regency. I was puffing hard but Kandoos was as fresh as when we started.

"Do you get credit even if you don't stay for the entire meal?" I asked.

"We never promise anyone that I'll stay for dinner. The big boys just want to be able to tell their people that I came."

The aide said, "Senator, we're coming up to a cocktail party given by the 'We Are Women' coalition. I am sure that they are going to ask you why you voted for Justice Thomas and against Anita Hill."

"I'll tell them the truth. I'll say that I made a mistake."

"Good thinking, Senator. After that we're slated to go over to the White House. That might be a good opportunity to tell the president what a mistake he made in closing the Briny Air Force Base."

"I will, but I don't want him to take up too much of my time. The Teamsters Union has a debutante ball for members' daughters tonight and I've never missed one yet."

Architects? Throw Them to the Lions

By Alan Riding
New York Times Service

SAGUNTO, Spain — Over the centuries, as it lost sculpted columns and stone blocks to newer construction sites, the Roman theater in Sagunto slowly took on the appearance of a ruin. But, though badly scarred, its fine semicircular auditorium survived to remind people of 2,000 years of history.

Today, the theater still stands on a hillside below a Moorish castle overlooking Sagunto, but it is no longer recognizable. Rows of stone seats that were once crumbling have been hidden by polished white limestone, while the traditional view of the auditorium has been blocked by a huge new stage front.

Valencia's provincial government is clearly proud of its \$6 million restoration. And with three years' work almost complete, it hopes Sagunto will soon join Orange in France, Verona in Italy and Mérida in western Spain as towns that have become cultural centers thanks to their Roman theaters.

But celebrations may be premature. Most townspeople, it seems, strongly dislike the radical face-lift given to "their" theater. "I'm sure that with time they'll get used to it," Mayor Manuel Girona said. "But it's true that many people are upset because they're used to the old image."

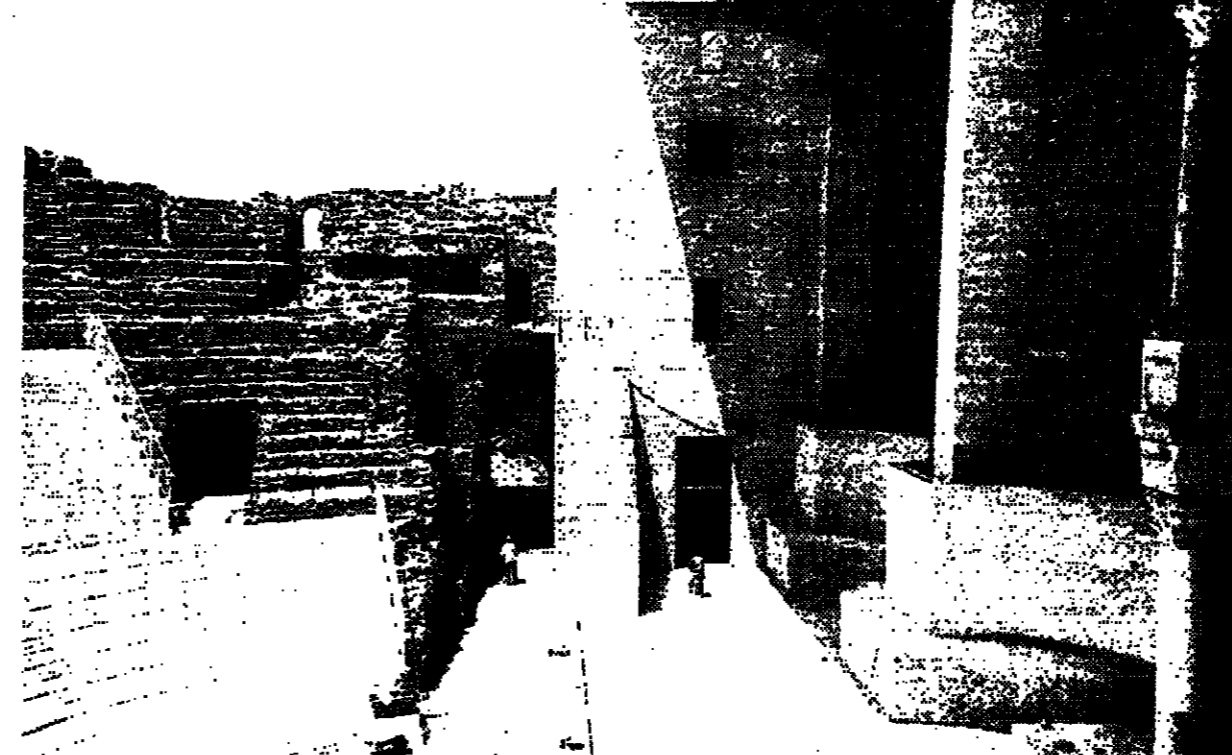
A bigger headache is the doing of Juan Marco Molines, 59, a Valencia lawyer. In 1990 he sought a court order to halt work on the theater and in May a tribunal ruled in his favor. Now it is up to Spain's Supreme Court to decide if the entire "new" theater should be dismantled.

"It's very imprudent to stop work so close to the end if you really care about conservation," said Manuel Portocarrero, a Spanish architect who designed the project with Giorgio Grassi of Italy. "And if we're told to return it to its original state, does that mean hiding things we have found?"

While Sagunto talks of little else, the dispute has also stirred interest beyond Spain because it touches on an issue that frequently divides museum curators, art historians, archaeologists and architects: How far should modern science and design go when it comes to "rescuing" old paintings, sculptures and monuments?

The question arose when I. M. Pei's glass pyramid was built in the main courtyard of the Louvre. It arose again when the cleaning of the Sistine Chapel exposed the "shocking" colors that Michelangelo originally used. Now, it seems, the debate is being stretched something further.

"If one extreme is simple conservation, that is, leaving something to die, this is the



The restoration of the first-century Roman theater in Sagunto, Spain.

other extreme," Grassi conceded as he showed a visitor around the site. "In this case, out of a Roman theater, we have created a modern and functioning theater in the style of the ancient Romans."

He and Portocarrero defend their stage front, 25 meters (82 feet) high — which will provide lights and décor for performances — by recalling that Roman theaters always included such a structure. They also insist that the limestone blocks only cover the results of previous restorations.

For Molines, however, historical monuments like Sagunto's theater should be preserved, but never restored to their original state or modernized beyond recognition. "This monument is a footprint of the history of a people," he said. "Now, its historical and testimonial role has been obliterated."

The provincial tribunal in Valencia, 25 kilometers (15 miles) south of here on Spain's east coast, agreed. In reality, it was only asked to decide whether the blueprint violated Spain's Law of Historical Patrimony and not whether it had artistic merit. But the result was almost the same.

The 1985 law spells out clearly that conservation, consolidation and rehabilitation of historical monuments "should avoid all efforts at reconstruction unless

parts proven to belong to the original are used." And, in this case, modern material was widely used.

The tribunal also noted that the theater had been reconstructed without any reliable information about its original shape. And by hiding much of the original auditorium under limestone blocks, the authorities had "impeded proper enjoyment of the monument" by the public.

The ruling brought a prompt response from 115 architects from half a dozen countries who dismissed those who criticized the project "with more passion than reason" and praised it for its "profound respect of history" and its "valuable contribution to the theory of restoration."

Andrés López, Valencia's cultural chief, also pointedly ignored the order to stop work, arguing that measures had to be taken to protect the site during the wait — perhaps two years — before the Supreme Court gives its final word. And with luck, it seems, these measures will suffice to finish the job.

"This is going to be a symbol of all of Valencia," López said, raising his voice above the noise of workers polishing the teak-covered stage. "It's an example of how to rehabilitate a monument at the end of the 20th century. I think it's the most



Map showing the location of Sagunto in Spain, near Valencia.

important example of restoration in Spain."

Mayor Girona sounded far less ebullient. He admitted that Sagunto's small Archaeology Society recently voted 2 to 1 against the "new" theater, but he said the plan was to open it for guided tours as soon as possible in the hope of winning over local public opinion.

In the cobble streets leading down from the theater, though, hostility simmers on. "No one likes it," an old woman said as she emerged from her home. "I can't see the castle any more."

Paris Firms to Help Pay For Musée d'Orsay Show

PARIS — A show at the Musée d'Orsay here of works from the United States is attracting the "biggest private contributions for an event in the plastic arts" ever seen in France, Culture Minister Jacques Toubon said Monday.

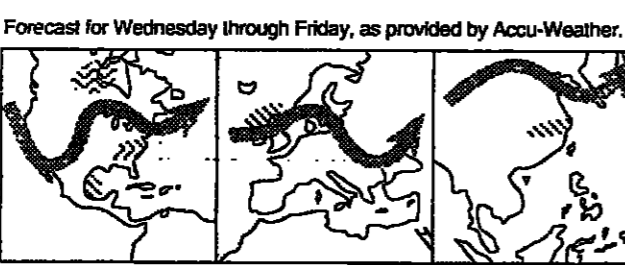
Toubon was speaking at a news conference in Paris concerning the exhibition of masterpieces from the Barnes Foundation near Philadelphia to open at the d'Orsay on Sept. 8.

The show is attracting \$2.5 million from the French bank BNP and the Havas Group. The money will help pay for refurbishing the Barnes museum in Pennsylvania.

WEATHER

Forecast for Wednesday through Friday, as provided by Accu-Weather.

Table with weather forecasts for Europe, North America, Middle East, and Oceania. Columns include location, today's high/low, and tomorrow's high/low.



North America: Hot in Atlanta Wednesday through Friday with just the chance for a thunderstorm. Pleasantly warm the end of the week in New York City with sunshine each day. A shower in Seattle and Vancouver Wednesday, then fairly sunny and nice Thursday and Friday.

Table with weather forecasts for Asia and Africa. Columns include location, today's high/low, and tomorrow's high/low.

Asia: Hot and humid Wednesday through Friday with the chance for a drizzling thunderstorm each day. Very humid in Hong Kong late in the week, and there will be showers and thunderstorms around each day. Remaining hot in Manila Wednesday, Thursday and Friday with partial sunshine.

Table with weather forecasts for Latin America. Columns include location, today's high/low, and tomorrow's high/low.

Latin America: Buenos Aires 16/81 6/43 13/55 7/44 1/20 2/180 27/80 2/32 2/180 27/80 2/32. Lima 20/72 18/64 20/71 18/64 2/180 27/80 2/32 2/180 27/80 2/32. Mexico City 27/80 12/55 26/78 13/52 2/180 27/80 2/32 2/180 27/80 2/32. Rio de Janeiro 24/75 18/64 26/78 13/52 2/180 27/80 2/32 2/180 27/80 2/32. Santiago 13/55 4/28 14/57 6/43 2/180 27/80 2/32 2/180 27/80 2/32.

CROSSWORD

Solution to Puzzle of June 14

Table with crossword puzzle solutions for Across and Down clues.

Across: 1 Special skill, 6 Declined, 11 Is in the past, 14 Santa, 15 Italian song, 16 Worship, 17 Presidential nickname, 18 Magician's magic word, 19 King, to Caesar, 20 Ball, 21 Pastoral poem, 22 Gould's Warbucks, 24 Yield, 25 Famous garden, 26 Grasshopper ingredient, 33 Wings, e.g., 34 A Bobsey twin, 35 After-hours banking option, 36 Showing need, 37 Chows down, 38 Astute, 40 "Steverino", Steve Allen book, 41 Comedian, Philips, 42 Columbus campus, for short, 43 "Understand?", 44 Like Stone Age culture, 45 Arthur resident, 46 Author LeShan and others, 51 Showing need, 54 Neural network, 55 Miami basketball team, 56 Lennon's widow, 61 What witch doctors use, 64 Robert of "Quincy", 65 Omit in pronunciation, 66 Roman burial stone, 67 Guitarist Paul, 68 — slipper, 69 Felix's roommate, 7 An apple, 8 Eat or dupe, 9 Be human, 10 Make less sensitive, 11 Distract, 12 Tucked in, 13 Risque, 18 Helper, 23 Herp mover, 25 Bad, German spa, 27 Gainsay, 28 Title holder, 29 Helicopter part, 30 Boredom, 31 Half of Hispanic's, 32 Moral precept, 33 Spot, 36 Bon — (with a), 38 Invent, as a word, 39 Body between Mars and Jupiter, 40 Flamboyantly successful people, 43 J. Low group, 45 Knot-tying phrase, 46 Wonder, 47 Nuxes a ball, 48 Thought: Carry form, 49 Disturb, 50 Poker-pot starter, 53 Chaotic places, 55 Whirpool, 57 Kind of engr., 58 — drove (2/2 time), 60 Peter, for one — ending for pay or play, 62 Brit. military award.

If you're going to travel all over the map, here's how to call from almost any point on it.



Table of AT&T Access Numbers for various countries including Albania, Armenia, Austria, Bangladesh, Belgium, Cape Verde Islands, Croatia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Ivory Coast, Kenya, Kuwait, Lebanon, Liberia, Luxembourg, Malawi, Maldives, Mali, Mauritania, Mexico, Monaco, Netherlands, Nigeria, Norway, Poland, Portugal, Romania, Russia, Saudi Arabia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UAE, UK, Zambia, Zimbabwe.

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